State Auditor's Office

John Keel, CPA
State Auditor

A Follow-up Audit Report on

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

October 2008
Report No. 09-005

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Overall Conclusion

The Health and Human Services Commission (Commission) has improved the Texas Integrated Eligibility Redesign System (TIERS) since the prior State Auditor's Office audit in October 2007. The Commission is regularly tracking and reporting key metrics on TIERS performance. In addition, the Commission has formed work groups to address problems in TIERS. As a result, some areas have seen improvements, and planning and documentation for capacity and conversion are more thorough. The Commission also has documentation of its regular reviews and discussions of TIERS service requests.

However, the Commission needs to determine the actual costs and actual end date for the statewide implementation of TIERS. Auditors received information from the Commission on September 3, 2008, in which the Commission estimated that it would spend at least $1 billion from the inception of TIERS in 1999 through fiscal year 2011 for TIERS and eligibility supporting technologies. According to the Quality Assurance Team monitoring report, the Commission reported that the $1 billion amount does not include funds necessary to implement TIERS statewide. Additionally, the Commission has not yet determined a projected end date for the completion and statewide implementation of TIERS.

Of 26 recommendations made in *An Audit Report on the Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)* (State Auditor's Office Report No. 08-009, October 2007):

➢ The Commission's implementation of 22 recommendations is in progress.

➢ The Commission has substantially implemented 3 recommendations.

➢ The Commission has implemented 1 recommendation.

> ### Background Information
>
> 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 August 2008, TIERS was fully operational in only three Texas counties: Hays, Williamson, and Travis.
>
> This report is the State Auditor's Office's follow up on recommendations made in *An Audit Report on the Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)* (State Auditor's Office Report No. 08-009, October 2007). Additionally, in November 2006 the State Auditor's Office released *An Audit Report on the Office of Inspector General at the Health and Human Services Commission* (State Auditor's Office Report No. 07-004), in which it reported on TIERS-related issues. (See Appendix 5 for a list of related State Auditor's Office reports.)

This audit was conducted in accordance with Texas Government Code, Section 321.0132.

For more information regarding this report, please contact Nicole Guerrero, Audit Manager, or John Keel, State Auditor, at (512) 936-9500.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005

Key Points

According to the Commission, actual costs and an end date for the statewide implementation of TIERS have not been determined, but the project is estimated to cost at least $1 billion through fiscal year 2011.

As of June 2008, the Commission's conversion plan stated that TIERS would be implemented statewide by December 2010. However, in a Quality Assurance Team monitoring report dated August 2008, the Commission reported that an end date for the TIERS project had not been determined.

The Commission still does not have the processing power to support a statewide rollout of TIERS.

The Commission has purchased additional storage that will support further rollout of TIERS, but it does not have the space in its current production facilities to support the additional storage. At the time of auditors' fieldwork, the Commission was planning to upgrade the Winters Data Center to accommodate the full TIERS production environment. Although the Commission currently does not have the hardware capacity to support a statewide rollout of TIERS, it asserts that it does have enough TIERS capacity to support 22 percent of Food Stamp cases (a percentage that has been approved by the U.S. Department of Agriculture's Food and Nutrition Services.)

The Commission is working to stabilize TIERS by determining the underlying reasons for system problems.

TIERS still requires users to implement other processes to ensure that data is accurate, and it still requires the use of "workarounds" to ensure that client data is correct. Auditors also noted that:

➢ Production service requests were at a low of 335 in December 2007 but increased to a high of 836 in June 2008.

➢ The Commission reduced the number of active TIERS contingency processing methods or "workarounds" from 34 in January 2008 and March 2008 to 24 in June 2008.

➢ TIERS defects (as identified in maintenance service requests) remained under 100 from November 2007 to March 2008. However, the number of these requests reached a high of 149 in April 2008.

Production Service Requests

Production service requests are requests to correct data in TIERS that is incorrect due to user error or application defects, or because required changes to the TIERS application have not yet been implemented.

Maintenance Service Requests

Maintenance service requests are requests to correct the TIERS application because it is not meeting specified business requirements.

Modification Service Requests

Modification service requests are requests to change the TIERS application due to new, modified, or deleted business requirements.

Contingency Processing Methods

Contingency processing methods are temporary work instructions or processes that are communicated to end users to allow them to achieve needed business functionality by bypassing current application issues that are not yet resolved or to "workaround" the current functionality until needed application changes are implemented.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005

While the Commission's TIERS training manual includes some information regarding contingency processing methods, improvements are still needed to ensure that the workarounds and their implementation are communicated to staff to prevent errors in TIERS. Auditors conducted a telephone survey of 101 eligibility workers and determined that 82 percent of those surveyed did not use or were unaware of contingency processing methods for TIERS (see Appendix 3, Table 19, for additional detail).

The Commission has implemented its own user acceptance testing for TIERS. However, it continues to implement TIERS versions with known defects, including 91 overall defects in the April 2008 release.

The Commission reported that it has devoted 27 state and contracting positions specifically to user acceptance testing at a cost of $4.6 million.

As of May 2008, the Commission began managing and now has direct control over its change management tool. However, the Commission continues to experience change management control issues. For example, 71.24 percent of 991 users of the defect management tool also can modify the severity level assigned to defects. This means that they can change the status of defects that are rated as a high risk (and that might require immediate management attention) to a lower risk without management's knowledge or approval in order to meet agreed-upon service level agreement response timeframes.

According to the *TIERS Monthly Progress/Maintenance Updates/Status Reports*, TIERS has been available 100 percent of the time from February 2008 to June 2008 with one minor exception.

The Commission's Office of Inspector General is researching and investigating potential fraud and certain types of overpayment case referrals from TIERS.

However, the Office of Inspector General needs to make progress in conducting its research and investigations in a more timely manner. The Office of Inspector General received 1,241 TIERS case referrals from September 1, 2007, through June 30, 2008. As of June 30, 2008, 273 of those referrals had been researched or referred for investigation and 968 (78.00 percent) of those referrals had not been researched or investigated. Additionally, 239 of the 968 referrals not researched or investigated had been pending for more than 180 days, and 179 of the 968 referrals were more than 271 days old.

The Commission has taken steps to streamline the application for public assistance programs and to improve the timeliness of application processing; however, it still needs to develop and define meaningful metrics to appropriately monitor compliance with federal timeliness requirements.

Trend data that the Commission provided shows that the timeliness of Food Stamp application processing in TIERS consistently underperformed the timeliness of Food Stamp application processing in the old system (the System of Application, Verification, Eligibility, Referral and Reporting, or SAVERR) during the past year. While recent months have shown some improvements in TIERS application

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005

processing times, TIERS application processing still significantly underperforms federal timeliness requirements.

Auditors analyzed Food Stamp application data that the Commission provided for fiscal year 2007 and the time period from September 1, 2007, through August 26, 2008. The Commission has improved its processing of new Food Stamp applications within the federally required 30 days; however, 42.96 percent of Food Stamp applications were approved or denied after 30 days (see Tables 8 and 9 on pages 17 and 18, respectively, of this report).

The Commission should ensure that only authorized users have access to TIERS.

The Commission is not in compliance with Title 1, Texas Administrative Code, Section 202.25, which specifies requirements for access to automated systems. A total of 318 users whose employment had been terminated still had access to TIERS (those users represented 6.44 percent of all TIERS users). In addition, the Commission was unable to verify whether 27 (12.11 percent) of a sample of 223 eligibility workers needed access to TIERS.

Summary of Management's Response

The Commission's responses to this report describe its efforts and plans to improve and monitor TIERS. The Commission provided a summary of its responses that is presented in Appendix 4 on page 40 of this report, 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 audit objective was to establish an eligibility system review to address the Commission's transition plan, in compliance with the provisions of House Bill 3575 (80th Legislature).

The audit scope covered the period from September 2007 to August 2008.

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, staff, and Office of Inspector General.

Contents

Detailed Results

The Commission Has Made Improvements on Issues Related to System Instability, Inefficiencies, and Processing Capacity; However, It Should Manage Service Requests, Version Releases, and Training

The Health and Human Services Commission (Commission) has made progress in addressing the majority of the prior audit recommendations regarding system capacity and Texas Integrated Eligibility Redesign System (TIERS) inefficiencies. Of the 14 recommendations reviewed, the implementation of 12 recommendations is in progress, one recommendation was substantially implemented, and one recommendation was implemented. Table 1 summarizes the implementation status of each of the recommendations.

Definitions of Implementation Status

- **Implemented:** Successful development and use of a process, system, or policy to implement a prior recommendation.
- **Substantially Implemented:** Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation.
- **In Progress:** Ongoing development of a process, system, or policy to address a prior recommendation.
- **Not Implemented:** Lack of a formal process, system, or policy to address a prior recommendation.

Table 1

Status of Implementation of State Auditor's Office Prior Audit Recommendations		
Recommendation	**Implementation Status**	**Auditor Comments**
1 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.	In Progress	As of June 2008, the Commission did not have the processing power to support a statewide rollout of TIERS. The Commission has purchased additional storage, but it asserts that it does not have sufficient room for the additional storage in the current production facilities. At the time of auditors' fieldwork, the Commission was planning to upgrade the Winters Data Center to accommodate the full TIERS production environment. According to the Commission, to address capacity needs, it increased the budget for TIERS and eligibility supporting technologies to $90 million. That budget includes funds for hardware, software, an operations site, and a backup operations site (see Chapter 2 of this report for additional details).
2 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.	In Progress	The Commission conducted a usability study of eligibility workers and their interactions with TIERS and their daily tasks. The usability study identified certain enhancements to the TIERS screens. The Commission plans to implement some of these enhancements beginning in August 2008, with the final enhancement release planned for July 2009.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 1

Status of Implementation of State Auditor's Office Prior Audit Recommendations		
Recommendation	Implementation Status	Auditor Comments
3 The Commission should implement controls necessary to address the weaknesses identified in TIERS data entry.	In Progress	The Commission did not implement controls to address the specific weaknesses auditors identified in the prior audit report. The Commission asserts that the need for flexibility within the TIERS system is a reason for not addressing the specific weakness in the prior audit report. The Commission's usability study identified planned system enhancements that should address other data entry weaknesses. Examples of these enhancements include relocating the delete icon away from the edit icon on all the summary pages and adding edits to prevent the user from moving off the Income-Payments page when information is not consistent.
4 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.	In Progress	The Commission has formed a work group with the Department of Information Resources to discuss its role in providing the Commission guidance on the design and architecture for TIERS.
5 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.	In Progress	The Commission should continue to work to stabilize TIERS. The number of service requests has increased since the previous audit (see recommendation 6 below for additional details). Although the number of service requests continues to increase, the Commission plans to expand TIERS. It has been given federal approval to expand TIERS to include up to 22 percent of Food Stamp cases (see Chapter 2 of this report for additional details).
6 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.	In Progress	The Commission is conducting an analysis to identify the underlying reasons or the root causes of system problems. The Commission has established a work group to meet every two weeks to discuss the status of open service requests and to prioritize work. The Commission reduced the number of active contingency processing methods (CPM) or "workarounds" from a high of 34 in January 2008 and March 2008 to a low of 24 in June 2008. During this time period, the Commission removed 18 CPMs and created 8 new CPMs. However, the need for all three categories of service requests has increased or remained approximately the same. Specifically: ▪ Production service requests increased from a low of 335 in December 2007 to a high of 836 in June 2008 (see Table 2 below for additional details). ▪ From November 2007 to March 2008, the number of maintenance service requests created remained less than 100 each month. However, the number of requests created reached a high of 149 in April 2008. As of June 2008, the number of maintenance service requests created was 143. ▪ From November 2007 to June 2008, 193 modification service requests or enhancements were created for the TIERS system.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 2

Status of Implementation of State Auditor's Office Prior Audit Recommendations		
Recommendation	Implementation Status	Auditor Comments
7 The Commission should improve training to ensure that contingency processing methods are communicated to staff and implemented as intended.	In Progress	While the Commission's training manual includes some information regarding CPMs, improvements are still needed to ensure that the workarounds and their appropriate implementation are communicated to staff. Auditors conducted a phone survey of 101 eligibility workers and determined that 82 percent of those surveyed did not use CPMs or did not know about CPMs (see Table 19 in Appendix 3 for additional information on CPMs). Additionally, in one instance the Commission determined that a staff member incorrectly implemented a workaround and, as a result, generated a request to fix the data in TIERS. According to the Commission, it is in the process of developing a unique course with a unified curriculum covering policy, business processes, and TIERS use. Amendment 16E to the Commission's contract with Deloitte Consulting LLP (Deloitte) specifies that the two entities will partner to develop and deliver a single unified curriculum. This amendment increased the original contract amount of $66.9 million by $7.6 million.
8 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.	In Progress	The Commission has formed a work group with the Department of Information Resources to discuss its role in providing the Commission guidance on the design and architecture for TIERS.
9 The Commission should analyze the system and change management process to identify opportunities to reduce the number of TIERS versions it needs to release.	In Progress	In February 2008, the Commission changed the maintenance release schedule from every month to every other month. This should allow for more thorough testing. The previous audit report stated that there had been 42 versions of TIERS between January 3, 2007, and September 5, 2007. A total of 26 versions of TIERS were released between November 1, 2007, and June 24, 2008. While the number of versions has decreased, the Commission continues to implement an increased number of emergency releases.
10 The Commission should conduct user acceptance testing before it releases new versions of TIERS and document evidence of both the test and user approval.	Substantially Implemented	The Commission has implemented its own user acceptance testing. However, it continues to implement TIERS versions with known defects, including 91 overall defects in the April 2008 release. The Commission reported that it has devoted 27 state and contracting positions specifically to user acceptance testing at a cost of $4.6 million.
11 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.	In Progress	The Commission has formed a work group with the Department of Information Resources to discuss its role in providing the Commission guidance on the design and architecture for TIERS.
12 The Commission should take ownership of the change management process and systems.	Implemented	As of May 2008, the Commission began managing its change management tool. This allowed the Commission to have direct control over that tool.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 3

Status of Implementation of State Auditor's Office Prior Audit Recommendations		
Recommendation	Implementation Status	Auditor Comments
13 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.	In Progress	The Commission continues to experience change management control issues. For example, 71.24 percent of the 991 users who have access to the defect management tool can modify the severity level assigned to a defect. These users can change the status of defects that are rated as a high risk (and that might require immediate management attention) to a lower risk. They can do this without management's knowledge or approval in order to meet agreed-upon service level agreement response time frames.
14 The Commission should analyze the reason for system instability, and develop and implement a plan to improve system reliability.	In Progress	The Commission has taken multiple steps to monitor and resolve TIERS system performance issues. It tracks and reports key metrics regularly. In addition, the Commission has established work groups to address problem areas. Some performance areas have seen significant improvements, and planning and documentation appear to be more thorough. The Commission's regular reviews and discussions of service requests are documented in a workflow diagram and agendas from meetings. The Commission's updated TIERS Capacity Plan identifies potential capacity issues and recommends hardware solutions to prevent the capacity issues. That plan also includes assumptions and estimates full operating capacity. These steps are ongoing. According to the *TIERS Monthly Progress/Maintenance Updates/Status Reports*, TIERS was 100 percent available from February 2008 to June 2008 with one minor exception.

The Commission should consistently document the underlying cause for TIERS production service requests.

A production service request (PSR) is a manual correction made to the data within the TIERS system. Auditors reviewed a judgmental sample of 30 PSRs and found that the Commission had not documented the underlying cause for 20 (66.67 percent) of these PSRs. However, the Commission documented the data fix (the solution for the underlying cause) implemented in production, and the Commission's documentation appeared to improve with more current PSRs. Although 1 PSR was open for nearly 3 months, 21 of the 30 (70.00 percent) PSRs sampled were open for less than 2 weeks.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 4

Table 2 summarizes PSR information for TIERS.

Table 2

Number of TIERS Production Service Requests November 2007 through June 2008		
Month	Count	Average Days to Fix [a]
June 2008	836	4.27
May 2008	757	5.93
April 2008	754	7.82
March 2008	674	7.03
February 2008	532	9.21
January 2008	508	9.00
December 2007	335	7.19
November 2007	363	9.12
[a] Calculated from the Commission's Information Technology Governance (ITG) system.		

Source: Health and Human Services Commission ITG system.

The Commission should remove access to TIERS when individuals are no longer employed or no longer require access.

The Commission is not in compliance with Title 1, Texas Administrative Code, Section 202.25 (see text box). Specifically, 318 individuals whose employment had been terminated (6.44 percent of the 4,936 active TIERS users) still had access to TIERS. Of 223 eligibility workers that auditors tested, the Commission could not verify whether 27 (12.11 percent) needed access to TIERS. The Commission should ensure that it removes TIERS access for individuals who are no longer employed or do not need access. Not removing access increases the risk of unauthorized modification of data.

> **Title 1, Texas Administrative Code, Section 202.25**
>
> A user's access authorization shall be appropriately modified or removed when the user's employment or job responsibilities within the state agency change.

Recommendations

The Commission should ensure that it:

- Documents the underlying cause for PSRs.

- Removes TIERS access for individuals who are no longer employed by the Commission or do not need access.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 5

Management's Response

The Commission has developed additional processes to ensure that proper documentation of the underlying cause is included prior to closure of a Production Support Request (PSR), and expects the new process to be fully in place by the end of September 2008.

The Commission is also developing an automated process to terminate TIERS access when an employee leaves HHS employment. This is scheduled to be implemented by the end of November 2008. As an additional control, a quarterly process to review users authorized to access TIERS has been initiated. An initial review was completed on July 25, 2008.

Estimated Completion Dates:

September 2008 – Detailed documentation process for PSRs

November 2008 – An automated process will be in place to terminate TIERS access when an employee leaves HHS

Title of Responsible Person:

Director of Enterprise Applications

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 6

The Commission Has Made Efforts to Increase Storage to Support a Statewide Rollout of TIERS and to Test TIERS Interfaces, But It Needs to Determine Actual Costs and an End Date for the TIERS Project

Definitions of Implementation Status
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The Commission has made progress in addressing the recommendations regarding additional storage to support a statewide rollout of TIERS, and it also has made progress toward testing TIERS interfaces. The Commission's implementation of four of the five prior audit recommendations reviewed is in progress, and the Commission has substantially implemented one recommendation. Table 3 summarizes the implementation status of each of the recommendations. The Commission provided conflicting information regarding the TIERS project completion date (see recommendation 2 in Table 3).

Table 3

Status of Implementation of State Auditor's Office Prior Audit Recommendations		
Recommendation	**Implementation Status**	**Auditor Comments**
1 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 processing will complete in the allotted time frame.	In Progress	The Commission currently does not have the processing power to support a statewide rollout of TIERS. The Commission is working on implementing a conversion plan to convert the remaining 7.6 million clients it estimates will need to be moved from the System of Application, Verification, Eligibility, Referral and Reporting (SAVERR) to TIERS. It also is working on a capacity plan to ensure that it has the necessary hardware and storage to support a statewide rollout. (See recommendation 2 below and Chapter 1 of this report for additional details.)
		Based on auditors' review of batch processing metrics, it appears that the Commission also has made some improvements to its batch processes. For example, the Commission archived and purged outdated records to reduce data storage requirements. Auditors reviewed monthly reports from February 2008 through June 2008 and did not identify any instances in which batch processing required significant additional time outside of the available window.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 7

Status of Implementation of State Auditor's Office Prior Audit Recommendations		
Recommendation	Implementation Status	Auditor Comments
2 The Commission should ensure it develops and implements a conversion plan for the conversion of the remaining 8.6 million SAVERR clients to TIERS.	In Progress	The Commission has developed a regional conversion plan that converts SAVERR cases to TIERS from July 2008 through December 2010. The Commission's conversion plan does not reflect planned program conversions. It does not clearly identify information on the proposed conversion of Medicaid for the Elderly and People with Disabilities (MEPD) clients in December 2008 and March 2009. The Commission's *Quality Assurance Team Monitoring Report* for July 15, 2008, through August 15, 2008, indicates that the TIERS project end date has not been determined. The Commission has been given approval from its federal oversight agency, the U.S. Food and Nutrition Service, to expand TIERS up to 22 percent of the Food Stamp cases statewide. According to the Commission, it currently does not have the hardware capacity to support a statewide rollout; however, it asserts that it does have enough capacity to support the federally approved 22 percent expansion for Food Stamp cases.
3 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.	In Progress	The Commission has formed a work group with the Department of Information Resources to discuss its role in providing the Commission guidance on the design and architecture for TIERS.
4 The Commission should ensure that it continues to implement and test TIERS interfaces.	In Progress	The Commission is working to implement the federally required Income Eligibility Verification System (IEVS) interfaces. It estimates that the IEVS interfaces will be completed by November 2008. According to the Commission, all of the 323 interfaces that have been implemented have also been tested. A total of 229 of these are direct interfaces with TIERS, such as interfaces with Electronic Benefits Transfer, the Office of Inspector General, and the Office of the Attorney General. A total of 94 interfaces are indirect interfaces, such as interfaces with the Department of State Health Services and the University of Texas at San Antonio. An additional 48 interfaces have been proposed.
5 The Commission should work to correct errors associated with the Medicaid eligibility files that are sent to the Texas Medicaid and Healthcare Partnership (TMHP).	Substantially Implemented	The Commission asserts that it has reduced the number of errors in records that are transmitted to TMHP as follows: ▪ Medicaid errors have been reduced by 1,373 errors (from 1,667 in October 2007 to 294 in June 2008). ▪ Managed Care errors have been reduced by 1,681 errors (from a high in March 2008 of 2,750 to 1,069 in June 2008).

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 8

As of August 2008, the Commission had not determined an end date for the completion of the TIERS project.

In the Commission's regional TIERS conversion plan, the Commission asserted that it would complete the statewide conversion of cases in the System of Application, Verification, Eligibility, Referral and Reporting (SAVERR) to TIERS by December 2010. The Commission reported to the Quality Assurance Team (QAT) in its monitoring report for July 15, 2008, through August 15, 2008, and to the audit team under separate cover that the "project end date [for TIERS] is yet to be determined."

Auditors received information from the Commission on September 3, 2008, in which the Commission estimated that it would spend at least $1 billion from the inception of TIERS in 1999 through fiscal year 2011 for TIERS and eligibility supporting technologies.

The Commission also noted in its QAT monitoring report that "the implementation of a TIERS statewide rollout is not within the scope of this project."

Recommendation

The Commission should develop a comprehensive TIERS conversion plan that includes, but is not limited to, program conversion information for all affected programs, timelines consistent with the Commission's QAT monitoring report, and consideration of technology availability (processing and storage capacity).

This plan should be updated to reflect current status on TIERS conversion and should also be made available to the Joint Committee on Oversight of Health and Human Services Eligibility System and other interested parties.

Management's Response

The TIERS conversion plan will include information as follows: program conversion information for all affected programs; technology milestones and availability, to include processing and storage capacity; and current status of TIERS conversions. The technology timelines will be consistent with the QAT monitoring report. The plan will be made available to the Joint Committee on Oversight of Health and Human Services Eligibility System and other interested parties.

Estimated Completion Date:

October 2008

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 9

Title of Responsible Person:

Associate Commissioner, Office of Eligibility Services

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 10

The Commission's Office of Inspector General Is Investigating and Prosecuting TIERS Fraud and Overpayment Cases

The Commission's Office of Inspector General is researching and investigating potential fraud and certain types of overpayment case referrals from TIERS. However, the Office of Inspector General needs to make progress in conducting its reseach and investigations in a more timely manner. The Office of Inspector General received 1,241 TIERS case referrals from September 1, 2007, through June 30, 2008. As of June 30, 2008:

- 273 (22 percent) of those referrals had been researched or were referred for investigation.

- 968 (78 percent) of the 1,241 TIERS case referrals had not been researched or investigated.

- 239 of the 968 referrals not researched or investigated had been pending for more than 180 days.

- 179 of the 968 referrals not researched or investigated were more than 271 days old.

The Office of Inspector General is not able to monitor the length of time the referrals have been pending due to limitations in the Office of Inspector General's automated system. Its automated system is not able to produce a report that specifies how long a referral has been pending.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 11

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Of the three prior audit recommendations regarding the Office of Inspector General, the implementation of two recommendations is in progress and one recommendation has been substantially implemented. Table 4 summarizes the implementation status of prior audit recommendations in this area.

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Table 4

Status of Implementation of State Auditor's Office Prior Audit Recommendations			
	Recommendation	Implementation Status	Auditor Comments
1	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.	In Progress	According to the Office of Inspector General, the certification will be in the annual report that will be released in September 2008 or October 2008.
2	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.	Substantially Implemented	The Commission's Office of Inspector General is investigating and pursuing criminal cases for TIERS referrals. However, the Office of Inspector General needs to make progress in conducting its research and investigations in a more timely manner. Of 30 TIERS referrals that auditors tested, only 16 had been researched and/or investigated. The remaining 14 had been awaiting research and/or investigation for an average of 250 days. The Commission's Office of Inspector General has a process to actively investigate and refer cases to local county and district attorney offices. According to the Office of Inspector General, a status report will be included in the annual report that will be released in September 2008 or October 2008.
3	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.	In Progress	According to the Office of Inspector General, it works with the Commission on an "as needed" basis to ensure that the data is available to investigate and prosecute cases.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 12

TIERS Fraud and Overpayment Referrals

Table 5 shows the number of TIERS cases that were referred to the Office of Inspector General by TIERS caseworkers in fiscal years 2005 through 2007. Office of Inspector General management reported that these cases cannot be investigated due to TIERS limitations at the time the cases were referred.

Table 5

TIERS Cases Referred to the Office of Inspector General Fiscal Years 2005 through 2007			
Fiscal Year	Fraud Referrals	Overpayment Referrals	Total Referrals
2005	223	540	763
2006	117	589	706
2007	170	880	1,050
Totals	510	2,009	2,519

Source: Texas Integrated Eligibility Redesign System (TIERS).

Table 6 shows the number of TIERS cases that were referred to the Office of Inspector General from TIERS caseworkers from September 1, 2007, to June 30, 2008, and the status of the referrals as of June 30, 2008.

Table 6

Status of TIERS Referrals Made September 1, 2007, through June 30, 2008 As of June 30, 2008	
Status	Number of Cases
TIERS referrals awaiting investigation.	968
TIERS referrals that were researched and determined to have no claim.	123
TIERS referrals that went to investigation.	150
Total TIERS Referrals	1,241

Source: The Office of Inspector General's Automated System for Office of Inspector General (ASOIG).

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 13

Figure 1 shows the age of the 968 open TIERS referrals that are awaiting research and/or investigation. Auditors determined that 25.21 percent of TIERS referrals had been in pending status for 0-30 days. In addition, 17.87 percent of TIERS referrals had been in pending status for 31-60 days, and 17.67 percent had been in pending status for 271-300 days.

Figure 1
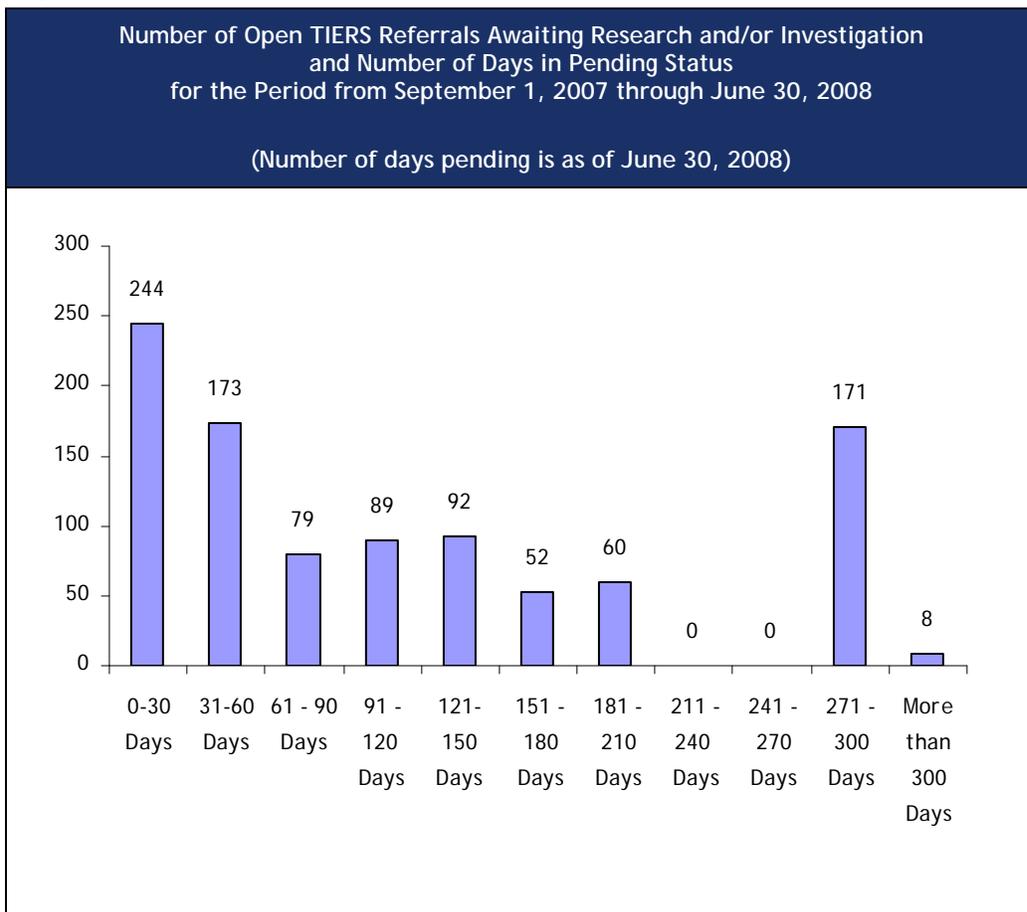
Source: The Office of Inspector General's Automated System for Office of Inspector General (ASOIG).

Recommendations

The Commission's Office of Inspector General should develop:

- An internal benchmark for timely researching and investigating TIERS case referrals.

- A monitoring process that can help to ensure it investigates TIERS referrals in accordance with its internal benchmark.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 14

Management's Response

The Office of Inspector General (OIG) plans to use the same timeliness benchmark for TIERS referrals that it uses for all recipient referrals: those included in the OIG Claims Management Plan approved by the USDA Food and Nutrition Service. OIG recognizes that it has had difficulty monitoring referral timeliness since September 1, 2007, when a new investigations module was implemented within the Automated System for Office of Inspector General (ASOIG). Since the implementation, timeliness monitoring reports have not been available. OIG is addressing the issue and anticipates availability of reports to assist with referral timeliness monitoring early in fiscal year 2009.

Estimated Completion Dates:

September 2008 – Referral timeliness reports to be released

October 2008 – Staff training and implementation of new referral timeliness reports

Title of Responsible Person:

Director of General Investigations

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 15

The Commission Has Taken Steps to Streamline the Application for Public Assistance Programs and to Improve Timeliness of Application Processing

The Commission has made progress toward implementing three prior audit recommendations regarding the streamlining of the application for public assistance programs and improving the timeliness of application processing. However, the Commission still needs to develop and define meaningful metrics to appropriately monitor compliance with federal timeliness requirements.

Trend data the Commission provided on Food Stamp cases shows that the timeliness of application processing in TIERS consistently underperformed the timeliness of application processing in the System of Application, Verification, Eligibility, Referral and Reporting (SAVERR) over the past year. While recent months have shown some improvements in TIERS processing times, TIERS processing is still significantly underperforming federal timeliness requirements. Auditors reviewed a sample of 238 pending Food Stamp cases as of May 2008 and found that 81.09 percent of those cases should have been denied.

The Commission's implementation of all three prior audit recommendations regarding applications for public assistance programs is in progress (see Table 7).

Definitions of Implementation Status
▪ **Implemented:** Successful development and use of a process, system, or policy to implement a prior recommendation.
▪ **Substantially Implemented:** Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation.
▪ **In Progress:** Ongoing development of a process, system, or policy to address a prior recommendation.
▪ **Not Implemented:** Lack of a formal process, system, or policy to address a prior recommendation.

Table 7

Status of Implementation of State Auditor's Office Prior Audit Recommendations		
Recommendation	Implementation Status	Auditor Comments
1 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.	In Progress	The Commission has taken steps to streamline the application for public assistance programs. It has formed an internal work group to review the current application, obtain stakeholder input, and develop recommendations for revision. The Commission plans to implement the new application by November 2008 and new simplified processes by April 2009. The Commission also has contracted with a vendor to assist in making the application easier to understand; however, the vendor is not required to consider substantive changes to questions in the application.
2 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 delayed.	In Progress	The Commission is tracking timeliness of application processing; however, TIERS cases still are not meeting federal timeliness requirements. See Table 8 below for additional information.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 16

Status of Implementation of State Auditor's Office Prior Audit Recommendations		
Recommendation	Implementation Status	Auditor Comments
3 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 Auditors, Office, Senate Committee on Health and Human Services, and the House Committee on Human Services.	In Progress	The Commission has set a benchmark of maintaining an average lead time for regional offices of fewer than 20 days; however, it does not provide a meaningful measure of timeliness. The Commission defines lead time as the number of days from the date that an application is received to the first potential interview date. The first potential interview date is not the actual interview date. The Commission provides a quarterly report to the Joint Committee on Oversight of Health and Human Services Eligibility System; however, it does not distribute this report to the other entities listed in the recommendation.

The Commission should improve timeliness of application processing.

While the Commission has improved its processing of Food Stamp applications within the federally required 30-day time period, further improvement is still necessary. Information provided by the Commission shows that, from September 1, 2007, through August 26, 2008, 42.96 percent of new Food Stamp applications were approved or denied after the federally required 30 days (see Table 8 for additional details on Food Stamp application processing).

Table 8

Summary of Food Stamp Application Processing Time September 1, 2007, through August 26, 2008								
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 [a]	90,763	43.12%	51,479	24.46%	2,731	1.30%	144,973	68.88%
Denied [b]	24,703	11.74%	33,607	15.97%	2,587	1.23%	60,897	28.93%
Pending	4,590	2.18%	14	0.01%	5	0.00%	4,609	2.19%
Totals	120,056		85,100		5,323		210,479	

[a] Approved includes cases that were "approved," "decreasing," and "increasing."

[b] Denied includes "denied ongoing," "application complete," "denied pending application," and "denied."

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

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 17

In October 2007, the State Auditor's Office reported that more than 15 percent of the new Food Stamp applications submitted during fiscal year 2007 were not disposed of until after the federally required 30-day time period (see Table 9 for additional details).

Table 9

	Applications Processed in 0-30 days		Applications Processed in 31-100 days		Applications Processed After 100 Days			
Summary of Food Stamp Application Processing Time **Fiscal Year 2007**								
Application Status Category	Number	Percent of Application Status Category	Number	Percent of Application Status Category	Number	Percent of Application Status Category	Totals	Percent of Total Applications
Approved [a]	64,405	29.11%	15,542	7.02%	592	0.27%	80,539	36.40%
Denied [b]	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%
Totals	187,437		32,455		1,389		221,281	

[a] Approved includes cases that were "approved," "decreasing," and "increasing."

[b] Denied includes "denied ongoing," "application complete," "denied pending application," and "denied."

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

Timeliness of processing Food Stamp applications in TIERS consistently underperforms the timeliness of processing applications in SAVERR. For example, according to Commission data, in February 2008, 39.1 percent of TIERS Food Stamp applications were processed in a timely manner, and 91.0 percent of SAVERR Food Stamp applications were processed in a timely manner. Since February 2008, timeliness of application processing in TIERS has been improving. In June 2008, 71.2 percent of applications in TIERS were processed in a timely manner (see Table 10 and Figure 2 below).

Table 10

	TIERS			SAVERR	TIERS and SAVERR
Summary of Food Stamp Application Processing in TIERS and SAVERR					
Month	Number of Applications Disposed of	Number of Applications Processed in a Timely Manner	Percent of Applications Processed in a Timely Manner	Percent of Applications Processed in a Timely Manner	Percent of Applications Processed in a Timely Manner
May 2007	11,958	9,937	83.1%	94.3%	93.1%
June 2007	12,855	10,179	79.2%	94.3%	92.5%
July 2007	15,725	12,672	80.6%	93.9%	92.4%
August 2007	14,798	11,304	76.4%	93.1%	91.1%
September 2007	12,067	7,768	64.4%	90.8%	87.9%

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 18

Summary of Food Stamp Application Processing in TIERS and SAVERR					
	TIERS			SAVERR	TIERS and SAVERR
Month	Number of Applications Disposed of	Number of Applications Processed in a Timely Manner	Percent of Applications Processed in a Timely Manner	Percent of Applications Processed in a Timely Manner	Percent of Applications Processed in a Timely Manner
October 2007	18,700	10,378	55.5%	90.1%	85.9%
November 2007	15,578	7,982	51.2%	90.6%	85.6%
December 2007	14,643	6,957	47.5%	89.8%	84.4%
January 2008	18,663	7,945	42.6%	89.7%	83.1%
February 2008	18,654	7,296	39.1%	91.0%	82.4%
March 2008	24,579	10,027	40.8%	91.6%	82.9%
April 2008	21,395	10,522	49.2%	92.6%	84.6%
May 2008	20,914	13,354	64.0%	90.7%	86.2%
June 2008	24,124	17,184	71.2%	90.8%	87.8%

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

Figure 2

Percent of Food Stamp Cases Processed in a Timely Manner in TIERS and SAVERR

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

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 19
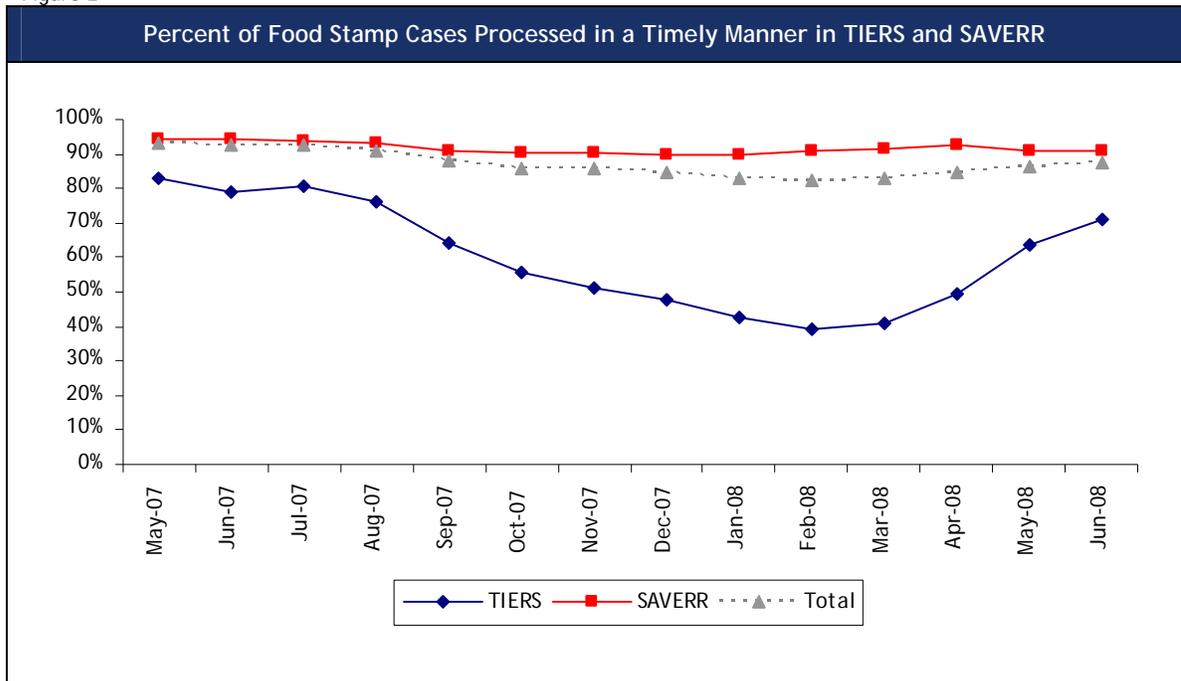
Auditors selected a sample of 238 pending Food Stamp cases as of May 19, 2008. Of these cases, 193 (81.09 percent) should have been denied and 4 (1.68 percent) should have been approved (see Table 11).

Table 11

Auditor Analysis of 238 Pending Food Stamp Cases [a]		
Number and percent that should have been denied	193	81.09%
Number and percent that should have been approved	4	1.68%
Number and percent for which auditors were unable to determine approval/denial status	18	7.56%
Number and percent pending for fewer than 30 days	23 [b]	9.66%
Total	238	

[a] Percentage total does not sum to 100 percent due to rounding.

[b] These cases were not tested to determine whether they should have been approved or denied because they were still within the initial 30 day period after application submission when the Commission is supposed to dispose (approve or deny) the application.

Source: The Health and Human Services Commission's Texas Integrated and Enrollment Redesign System (TIERS).

The Commission has made efforts to stabilize its workforce.

In a May 2008 Commission stakeholders meeting, the Commission stated "poor timeliness for cases worked in TIERS is not a computer systems problem; it's a manpower problem." To address the manpower problems, the Commission has focused on training and stabilizing its workforce. Amendment 16E of the Commission's contract with Deloitte specifies that the two entities will partner to develop and deliver a single unified training curriculum (see Tables 18 and 20 in Appendix 3 and Chapter 1 of this report for additional information on the Commission's training efforts).

The Commission asserts it is doing the following to stabilize its workforce:

- Implementing process improvements that reduce overtime and divert work from local offices to specialized teams and centralized units.

- Continuing to assure state staff that no reduction in force or office closures will occur as it modernizes the eligibility system.

- Implementing a compensation plan to give employees a promotion or merit raise (this plan was implemented on June 1, 2008).

- Reducing certification workload temporarily by obtaining a waiver from the U.S. Department of Agriculture's Food and Nutrition Services (FNS) to extend the certification time.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 20

While stabilizing the workforce is a step toward improving the timeliness of application processing, the Commission also should continue to address technology issues in TIERS (see Chapters 1 and 2 of this report for additional details).

The Commission was authorized a staffing level of 7,438 granted in Riders 54 and 68 on pages II-85 and II-88 of the General Appropriations Act (80th Legislature). It did not perform a detailed needs assessment or analysis to determine whether this is an adequate staffing level. The Commission estimates that, with the increase of 738 additional staff above appropriated levels, an additional $52.5 million will be needed.

Recommendations

The Commission should:

- Develop meaningful internal benchmarks that will assist it in proactively monitoring progress toward meeting federal requirements for application processing timeliness.

- Implement a process to regularly monitor the status of pending cases on an aggregate level and an individual basis.

- Perform a detailed needs assessment and analysis to determine staffing levels. The assessment should include consideration, by program, of the knowledge of the caseworkers and their experience with each system (TIERS and SAVERR).

Management's Response

As the Commission prepares to roll out TIERS to up to 22 percent of the food stamp caseload, as authorized by the USDA Food and Nutrition Service, it has developed benchmarks to assess the readiness of offices and areas for conversion. The benchmarks measure application timeliness before and after conversion and provide for a root-cause analysis to be conducted by the independent verification and validation (IV&V) vendor if timeliness drops after conversion.

The Commission has completed an analysis of tools required to enhance the monitoring of TIERS workflows and production. The tools will be available for senior eligibility management beginning in November 2008. Availability will be expanded to include program managers and supervisors at a later date.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 21

The Commission conducted a needs assessment based on caseload per worker and made adjustments based on authorized staffing. The Commission is considering other options to refine the analysis.

Estimated Completion Dates:

October 2008 – Benchmarks will be presented to Joint Committee on Oversight of the Health and Human Services Eligibility System

November 2008 – Tools for monitoring of TIERS workflows and production will be available

Title of Responsible Person:

Associate Commissioner, Office of Eligibility Services

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 22

Texas Government Code, Section 531.452, required the Commission to create a transition plan for TIERS that contained four requirements (see text box for those requirements).

**Requirements for
The Commission's Transition Plan for TIERS**

House Bill 3575 (80th Legislature) required the Commission to create a transition plan for TIERS.

The **requirements for the transition plan**--codified in Texas Government Code, Section 531.453--were to:

- Include a description of the Commission's responsibilities with respect to and its role in making the transition from the eligibility system in existence on September 1, 2007, to the enhanced eligibility system.

- Specify the responsibilities and roles of persons with whom the Commission contracted before October 1, 2007, in making that transition and implementing the enhanced eligibility system.

- Specify the responsibilities and roles of persons with whom the Commission contracts on or after October 1, 2007, in making that transition and implementing the enhanced eligibility system.

- Specify the steps the Commission will take to achieve the goals of the enhanced eligibility system as described in Texas Government Code, Section 531.452.

The **goals of the enhanced eligibility system**--codified in Texas Government Code, Section 531.452--were to:

- Increase the quality of and client access to services provided through the programs.

- Implement more efficient business processes that will reduce processing times for applications for program benefits and reduce staff workloads.

- Implement simplified application and enrollment processes for the program goals established by the Legislature.

- Enhance the integrity of and reduce fraud in the programs.

- Ensure compliance with applicable federal law, including rules.

The Commission's transition plan for TIERS, which it released in October 2007, contains all but one element required by Texas Government Code, Section 531.453. While the Commission's transition plan does not include the required specific steps to achieve the goals of the enhanced eligibility system, the Commission reported that it has taken some action to address the goals by:

- Increasing client access to services by accepting online payment of Children's Health Insurance Program (CHIP) enrollment fees, either by debit card or credit card, through TexasOnline. That service began in December 2007.

- Implementing more efficient business processes by changing to the TIERS relationship screens, which will reduce data entry by staff who enter family composition and relationship information in TIERS.

- Implementing a simplified application form by revising the integrated application form to make it easier for clients to complete and for staff to determine eligibility. The Commission also wants to improve the readability of the application. The Commission plans to implement the revised application form in November 2008.

Recommendation

The Commission should ensure that updates to its transition plan for TIERS clearly address the steps the Commission will take to achieve the goals listed in Texas Government Code, Section 531.452.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 23

Management's Response

The Commission's transition plan released in October 2007 indicated that plans for achieving the goals of the enhanced eligibility system would be updated in future releases of the transition plan. HHSC released transition plan updates in February and July 2008, in conjunction with the scheduled meetings of the Joint Committee on Oversight of the Health and Human Services Eligibility System.

In the July 2008 update, the Commission provided information on several activities related to achieving the goals of the enhanced eligibility system but did not explicitly state the steps that would be taken. In future transition plan updates, the Commission will provide a summary of these activities to more clearly define the steps being taken to achieve the goals listed in Government Code, Section 531.452.

Estimated Completion Date:

October 2008

Title of Responsible Person:

Deputy Chief of Staff

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 24

Table 12 summarizes the status of the Commission's procurement of services related to TIERS as of July 2008.

Table 12

Status of Commission's Procurement of Services Related to TIERS (As of July 2008)		
Service	**Description**	**Procurement Status**
Eligibility Support Services	These services support eligibility determinations for health and human services programs. This includes providing (1) operating call centers and (2) support functions that include creating electronic files, registering applications and other documents, and scheduling eligibility appointments.	The Commission has released the final request for proposal.
Document Processing Services	These services include imaging of in-bound documents received from applicants and existing clients. This includes scanning and saving documents as electronic images in the eligibility system for online access and viewing.	The Commission has released the final request for proposal.
Enrollment Services	These services include enrolling individuals who are eligible for Medicaid and the Children's Health Insurance Program (CHIP) effectively and efficiently and transmitting enrollment information to trading partners in a timely manner.	The Commission has not begun planning this procurement.
TIERS Maintenance	These services will assist Commission information technology staff with ongoing improvements and in developing new system builds that are necessary due to changes in policy or to accommodate new program eligibility requirements in TIERS.	The Commission has performed limited planning for this procurement.

Source: Auditor analysis of Commission information.

As Table 12 shows, the Commission has released a request for proposal (RFP) for its procurement of eligibility support services and document processing services. It has not yet started planning for its enrollment services procurement; its current contract for these services expires in August 2010. The Commission has performed limited planning for its procurement of TIERS maintenance services.

The Commission has conducted adequate planning for procurements, but improvements are needed to ensure that all planning is completed prior to preparing for the solicitation.

Auditors reviewed the Commission's planning documents for the eligibility support services and document processing services procurements and concluded that the Commission conducted adequate planning based on selected elements in the *State of Texas Contract Management Guide*, including monitoring. However, three of five of the elements were completed

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 25

two months after the Commission released draft RFPs. These elements included the cost estimates, risk management, and communications plan. According to the *State of Texas Contract Management Guide*, cost estimates assist in determining which type of procurement method to use and provide information on the range of services that can be included in the statement of work.

The Commission included certain required provisions from the *State of Texas Contract Management Guide* and House Bill 3575 (80th Legislature) in its draft RFPs for eligibility support services and document processing services.

The Commission's draft RFPs for eligibility support services and document processing services contain certain required provisions from the *State of Texas Contract Management Guide*, including sections on monitoring. The draft RFP for eligibility support services also contains the required language from House Bill 3575 (80th Legislature).

Recommendation

The Commission should complete all procurement planning prior to preparing the solicitation, including preparation of the statement of work.

Management's Response

The Commission uses a comprehensive multi-phased approach to plan for highly complex procurements to ensure the best possible information is considered when developing a final solicitation. Some of the components of this approach include market research, requests for information (RFI), draft requests for proposals (RFP), and consideration of input received from interested parties throughout planning.

For example, during early planning in preparation for the Eligibility Support Services and Document Processing Services procurements, the Commission published RFIs in May 2007. Based on responses to the RFIs, the Commission redesigned the procurement approach, then began development of draft RFPs. Using existing cost data for estimates, the draft RFPs were published in November 2007 to test market viability. Feedback from the draft RFPs indicated sufficient interest in the marketplace to proceed with this approach, and yielded some useful recommendations.

After consideration of the information produced through these phases, the Commission completed all components of the planning process, including cost estimates, a risk management plan, a communication plan, and a scope of work, and was ready to finalize the solicitation, pending federal approval of the RFPs. Federal approval was obtained, and the Commission issued the final RFPs on July 21, 2008.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 26

The Commission has now published a draft RFP for the TIERS Maintenance procurement, and will continue its rigorous procurement planning process for the remaining proposed TIERS-related services contracts.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 27

Definitions of Implementation Status

- **Implemented:** Successful development and use of a process, system, or policy to implement a prior recommendation.

- **Substantially Implemented:** Successful development but inconsistent use of a process, system, or policy to implement a prior recommendation.

- **In Progress:** Ongoing development of a process, system, or policy to address a prior recommendation.

- **Not Implemented:** Lack of a formal process, system, or policy to address a prior recommendation.

Table 13 lists the recommendations from the prior State Auditor's Office report and each recommendation's implementation status.

Table 13

Summary of Report Recommendations	
Recommendation	**Implementation Status**
Short-term Recommendations to be Implemented within One Year	
1 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.	In Progress
2 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.	In Progress
3 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.	In Progress
4 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.	In Progress
5 The Commission should improve training to ensure that contingency processing methods are communicated to staff and implemented as intended.	In Progress
6 The Commission should analyze the system and change management process to identify opportunities to reduce the number of TIERS versions it needs to release.	In Progress
7 The Commission should conduct user acceptance testing before it releases new versions of TIERS and document evidence of both the test and user approval.	Substantially Implemented
8 The Commission should take ownership of the change management process and systems.	Implemented
9 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.	In Progress

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 28

Summary of Report Recommendations	
Recommendation	**Implementation Status**
10	The Commission should analyze the reason for system instability, and develop and implement a plan to improve system reliability.	In Progress
11	The Commission should work to correct errors associated with the Medicaid eligibility files that are sent to the Texas Medicaid and Healthcare Partnership (TMHP).	Substantially Implemented
12	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.	In Progress
13	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.	In Progress
14	The Commission should implement controls necessary to address the weaknesses identified in TIERS data entry.	In Progress
15	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.	Substantially Implemented
16	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.	In Progress
17	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.	In Progress
18	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.	In Progress
19	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.	In Progress
Mid-term Recommendations to be Implemented in One to Two Years	
20	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.	In Progress
21	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.	In Progress
22	The Commission should ensure it develops and implements a conversion plan for the conversion of the remaining 8.6 million SAVERR clients to TIERS.	In Progress
23	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.	In Progress
24	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.	In Progress

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 29

Summary of Report Recommendations	
Recommendation	Implementation Status
25 The Commission should ensure that it continues to implement and test TIERS interfaces.	In Progress
Long-term Recommendation to be Implemented in Three to Five Years	
26 The Commission should continue working to improve the design and overall efficiency of TIERS.	In Progress

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 30

Appendices

Objective, Scope, and Methodology

Objective

The objective of this audit was to establish an eligibility system review to address the Health and Human Services Commission's (Commission) Texas Integrated Eligibility Redesign System (TIERS) transition plan, in compliance with the provisions of House Bill 3575 (80th Legislature).

Scope

The scope of this audit covered the period from September 2007 to August 2008.

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, staff, and its Office of Inspector General.

Information collected and reviewed included the following:

- Federal and state statutes, rules, and regulations.

- Commission policies and procedures governing the Food Stamp, Temporary Assistance for Needy Families (TANF), and Medicaid programs.

- TIERS referral cases to Office of Inspector General from fiscal year 2005 to April 30, 2008.

- TIERS referral cases from the Office of Inspector General from September 1, 2007, to June 30, 2008.

- Commission's transition plan.

- Contingency processing methods (CPMs or "workarounds") used by the Commission.

- Monthly information technology status reports prepared by Deloitte.

- *TIERS Project Status Report* related to the Texas Medicaid and Healthcare Partnership.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 31

- Documentation of the operations of selected TIERS interfaces.

- TIERS 2007 Capacity Plan.

- TIERS Conversion Plan.

- Trend data from the Commission's internal verification and validation (IV&V) vendor.

- TIERS manuals.

- Pending case data from TIERS.

- Timeliness reports from the System of Application, Verification, Eligibility, Referral and Reporting (SAVERR) and TIERS for fiscal year 2007 through May 2008.

- Lead time analysis reports.

- TIERS access data.

- Procurement planning documents.

Procedures and tests conducted included the following:

- Interviewed personnel from the Commission and Commission's Office of Inspector General.

- Reviewed the Commission's TIERS transition plan to determine whether it contained all information required by House Bill 3575 (80th Legislature).

- Reviewed procurement planning documents to determine whether the Commission was in compliance with the *State of Texas Contract Management Guide*.

- Reviewed the draft requests for proposals for the eligibility support services and document processing services procurements to determine whether they were in compliance with the *State of Texas Contract Management Guide* and House Bill 3575 (80th Legislature).

- Reviewed SAVERR and TIERS timeliness reports from fiscal year 2007 through June 2008.

- Reviewed lead time sheets to analyze data related to lead time tracking and determine whether the Commission's internal benchmarks will help to ensure that cases are processed in a timely manner.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 32

- Reviewed a sample of 238 pending food stamp cases to determine whether they should have been disposed of by either approval or denial.

- Reviewed documentation to identify the steps Commission is taking to streamline the eligibility application.

- Reviewed the Commission's TIERS transition plan and updates to the legislative oversight committee to identify steps the Commission has taken to stabilize the workforce.

- Conducted a phone survey of 101 eligibility workers to determine whether TIERS training was adequate.

- Reviewed TIERS training manuals to determine whether they contain information on contingency processing methods.

- Reviewed a sample of access for 223 TIERS users to determine whether their access to TIERS was appropriate.

- Reviewed all active TIERS users to determine if any of them were no longer employed by the Commission.

- Reviewed a sample of 30 TIERS case referrals to the Office of Inspector General to determine whether the referrals had been investigated and properly disposed of.

- Analyzed TIERS case referral data from the Commission's Office of Inspector General.

- Analyzed the Commission's manual data corrections, contingency processing methods, and service requests.

- Reviewed vendor reports to determine TIERS stability.

- Reviewed interface information from information technology governance system to determine whether interfaces have been implemented and tested.

- Reviewed the Commission's usability study.

- Reviewed the Commission's change management process.

- Reviewed access to the information technology governance system.

- Analyzed user acceptance testing data for TIERS version 72.

Criteria used included the following:

- House Bill 3575 (80th Legislature).

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 33

- Code of Federal Regulations.

- Texas statutes and Texas Administrative Code.

- *State of Texas Contract Management Guide*.

Project Information

Audit fieldwork was conducted from March 2008 through August 2008. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

- Courtney Ambres-Wade, CGAP (Project Manager)

- Becky Beachy, CIA, CGAP (Assistant Project Manager)

- Nick Ballard

- Benjamin Carter

- LaTonya Dansby

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A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 34

The Texas Integrated Eligibility Redesign System (TIERS) is one of the components of the Health and Human Services Commission's (Commission) Integrated Eligibility and Enrollment System. Table 14 provides a description of the key systems that are a part of the Integrated Eligibility and Enrollment System.
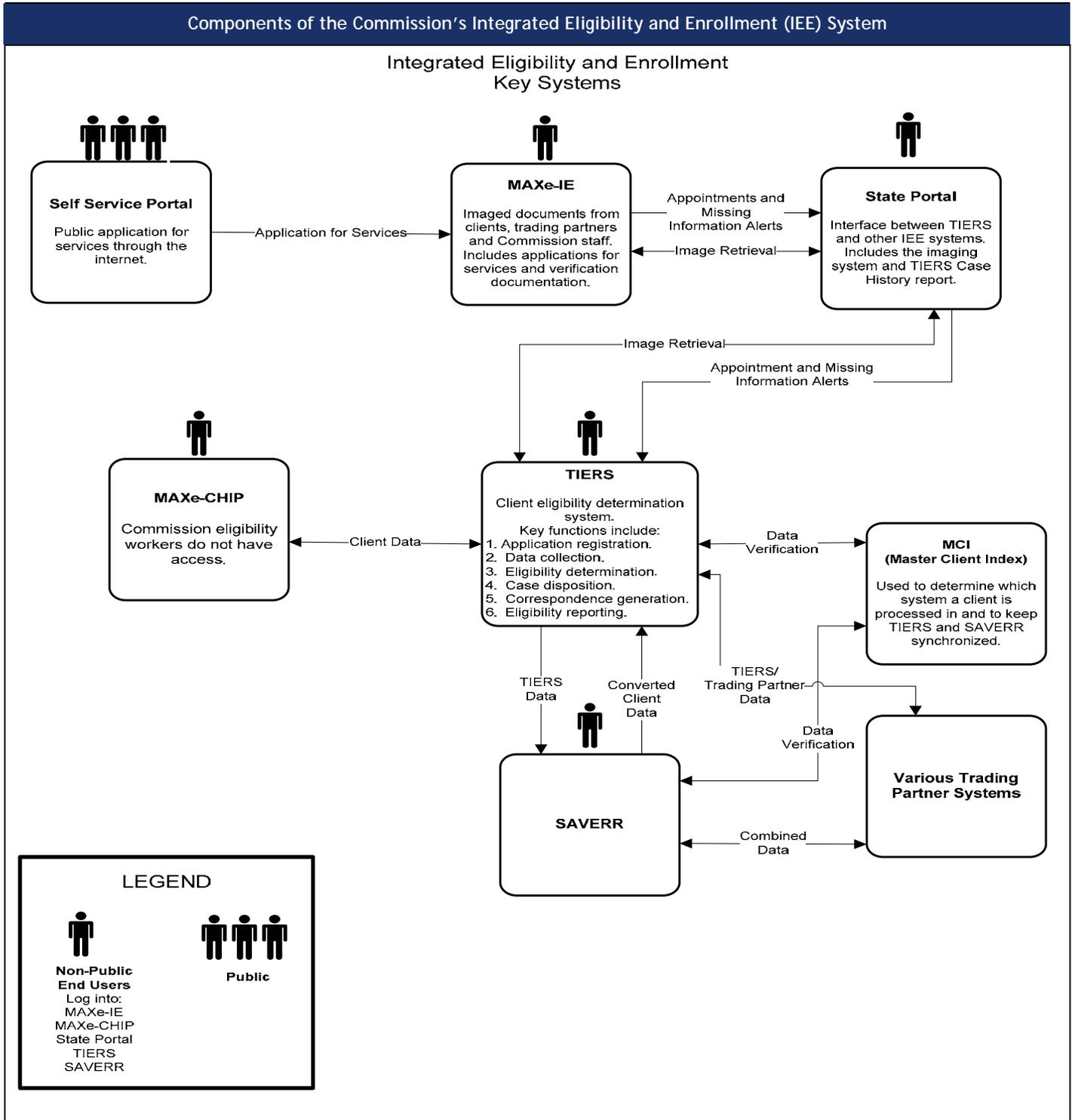
Table 14

Integrated Eligibility and Enrollment Key System		
System	**Description**	**Relation to Other Key Systems**
Self Service Portal	Clients use this system to apply for services through the Internet.	MAXe-IE receives applications for services.
MAXe-IE	This system stores imaged documentation from clients, trading partners, and Commission staff. It includes applications for services and verification documentation.	State Portal sends and receives images. MAXeIE sends appointments and missing information alerts to Self Service Portal, which sends applications for services.
State Portal	This system is an interface between TIERS and the other integrated eligibility and enrollment (IEE) systems (including MAXeIE) and provides the case history report from TIERS.	MAXe-IE sends and receives images. TIERS sends and receives images. State Portal sends appointments and missing information alerts.
TIERS	This system is used to determine client eligibility. Key functions include: ▪ Application registration. ▪ Data collection. ▪ Eligibility determination. ▪ Case disposition. ▪ Correspondence generation. ▪ Eligibility reporting. TIERS is presently restricted to three pilot counties only.	State Portal sends and receives images and sends appointment and missing information alerts. MaxeCHIP sends and receives client data. System of Application, Verification, Eligibility, Referral and Reporting (SAVERR) receives TIERS data and sends converted client data.
MAXe-CHIP	This is a self-contained system that is used to determine eligibility and manage Children's Health Insurance Program (CHIP) applications.	TIERS sends and receives client data (for example, referrals to CHIP).
SAVERR	This is the legacy system that handles eligibility, referral, and reporting. SAVERR is the precursor to TIERS.	TIERS sends TIERS data and receives converted client data. Master Client Index (MCI) sends and receives data verification. Various trading partner systems receive combined data from SAVERR.
MCI	This is the subsystem used to determine the system in which a client's information is processed.	SAVERR sends and receives data verification.
Various Trading Partner Systems		SAVERR sends combined data.
Document /Content Management System (DMS)	This system is used to store, maintain, and manage applications, as well as supporting documents and all communication received by applicants to the various benefits programs within the Commission. Uses KoFax for image capture and IBM Content Manager as the repository.	MAXe-IE, MAXe-CHIP, and State Portal rely on the content management solution as the master image repository.

Source: Health and Human Services Commission.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 35

Figure 3 depicts how the key systems with the Integrated Eligibility and Enrollment System are related.

Figure 3

Components of the Commission's Integrated Eligibility and Enrollment (IEE) System

Integrated Eligibility and Enrollment
Key Systems

Self Service Portal
Public application for services through the internet.

Application for Services

MAXe-IE
Imaged documents from clients, trading partners and Commission staff. Includes applications for services and verification documentation.

Appointments and Missing Information Alerts

Image Retrieval

State Portal
Interface between TIERS and other IEE systems. Includes the imaging system and TIERS Case History report.

Image Retrieval

Appointment and Missing Information Alerts

MAXe-CHIP
Commission eligibility workers do not have access.

Client Data

TIERS
Client eligibility determination system.
Key functions include:
1. Application registration.
2. Data collection.
3. Eligibility determination.
4. Case disposition.
5. Correspondence generation.
6. Eligibility reporting.

Data Verification

MCI (Master Client Index)
Used to determine which system a client is processed in and to keep TIERS and SAVERR synchronized.

TIERS Data

Converted Client Data

TIERS/ Trading Partner Data

Data Verification

SAVERR

Combined Data

Various Trading Partner Systems

LEGEND

Non-Public End Users
Log into:
MAXe-IE
MAXe-CHIP
State Portal
TIERS
SAVERR

Public

Source: Health and Human Services Commission.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 36

Results of Survey of Eligibility Workers

Auditors conducted a telephone survey of 101 eligibility workers employed by the Health and Human Services Commission (Commission) during the audit. See Table 15 for the programs they support and Table 16 for their length of service at the Commission and working with TIERS.

Table 15

Responses from Eligibility Workers at the Commission to the State Auditor's Office's Survey Regarding Programs Support [a]					
Survey Question	Food Stamp	Temporary Assistance for Needy Families (TANF)	Medicaid	Medicare Savings Programs	Long-term Services and Support
What programs do you support?	74%	59%	88%	11%	16%
[a] Eligibility workers can support more than one program.					

Table 16

Responses from Eligibility Workers at the Commission to the State Auditor's Office's Survey Regarding Length of Service				
Survey Question	0 – 6 months	7 – 12 months	1 – 2 years	More than 2 years
How long have you worked at the Commission?	8%	4%	12%	76%
How long have you been working with TIERS?	60%	29%	4%	7%

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 37

Table 17 summarizes survey results about applications not disposed of in a timely manner.

Table 17

Responses from Eligibility Workers at the Commission to the State Auditor's Office's Survey Regarding Applications Not Disposed of in a Timely Manner [a]			
Survey Statement	Strongly Agreed / Agreed	Neutral	Strongly Disagreed / Disagreed
Untimely applications due to lack of supporting documentation required to be presented by the applicants.	49%	15%	37%
Untimely applications due to issues related to the scheduling process of the required interviews.	42%	32%	27%
Untimely applications due to lack of familiarity with TIERS and related systems.	49%	11%	41%
Untimely applications due to lack of access to TIERS and related systems.	19%	14%	67%
[a] Totals may not sum to 100 percent due to rounding.			

Table 18 summarizes survey results regarding TIERS training.

Table 18

Responses from Eligibility Workers at the Commission to the State Auditor's Office's Survey Regarding TIERS Training [a]			
Survey Statement	Strongly Agreed / Agreed	Neutral	Strongly Disagreed / Disagreed
The initial TIERS-related training that I received was adequate to ensure that I could perform my duties accurately.	33%	13%	54%
The training materials were detailed, complete, and helpful in performing my duties.	51%	18%	31%
I received adequate update training related to the eligibility requirements.	71%	9%	20%
I have adequate access to all TIERS data and related systems (State Portal) necessary to process all applications.	68%	12%	20%
I received adequate formal training about how to identify and utilize contingency process methods (CPM).	27%	22%	51%
I received adequate update training about how to identify and utilize the new or changed CPM.	31%	16%	53%
I am provided with timely information necessary to deal with new or changed CPM.	39%	20%	42%
[a] Totals may not sum to 100 percent due to rounding.			

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 38

When auditors asked 101 eligibility workers surveyed whether they used or were familiar with contingency processing methods (CPM), 82 percent responded that they did not use or were unaware of CPMs for TIERS.

Additionally, 66 (65 percent) of the 101 eligibility workers surveyed, responded they are notified about CPM changes. See Table 19 for survey results related to CPMs.

Table 19

Responses from Eligibility Workers at the Commission to the State Auditor's Office's Survey Regarding Contingency Processing Methods (CPM) [a]					
Survey Statement	Broadcast	Formal Training	Help Button	Supervisor	Other
How are you notified of a new CPM or modifications to existing CPM?	79%	2%	2%	38%	6%
Survey Statement	Weekly	Monthly	Quarterly	As Needed	Other
How often are you notified?	11%	3%	5%	82%	0%
Survey Statement	Last 7 days	Last 14 days	Last Month	Within the Last 3 months	Other
When did you receive the last notice for new a CPM?	33%	20%	33%	14%	0%
[a] Totals may not sum to 100 percent due to rounding					

Of the 101 eligibility workers surveyed, 21 (21 percent) had previously participated in or were currently participating in a cluster group training. See Table 20 for the survey results related to cluster group training.

Table 20

Responses from Eligibility Workers at the Commission to the State Auditor's Office's Survey Regarding Cluster Group Training			
Survey Statement	Strongly Agreed / Agreed	Neutral	Strongly Disagreed / Disagreed
Participation in the cluster group process helped increase my understanding of TIERS.	67%	14%	19%
Participation in the cluster group process helps reduce time necessary to dispose of new applications and recertification.	43%	14%	43%
My cluster team leader is adequately trained or knows where to get accurate assistance on questions related to the application process.	86%	5%	9%

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 39

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

The TIERS application continues to support the eligibility process with accurate eligibility determinations and benefit calculations. TIERS was originally designed to support a client interview model, and the Commission continues to implement changes to ensure the application can fully support the delivery of eligibility services using call centers and other client channels of access to services. As business requirements change, programs are modified, and new programs are added, the Commission remains committed to ensuring that TIERS eligibility and benefit calculations continue to be accurate.

As the Commission completes refinements to its approach for delivering eligibility services using modern business practices and its model for integrating the use of state staff and contractors to support accurate and timely eligibility determinations, it is making significant progress in a number of areas.

Through careful and comprehensive planning, the Commission is preparing for conversion of SAVERR into TIERS across Texas. Plans are in place to ensure that capacity needed to support on-line processing, database storage, and batch processing requirements is available when needed. Continued improvements in TIERS will result in the need for fewer manual changes to data and reduced reliance on manual processes.

The Commission has taken steps to stabilize its workforce and is developing training curriculums designed to ensure that staff who have been using SAVERR will be fully trained to use TIERS before it is rolled out in their area. It is working to complete its redesign of a streamlined application for public assistance programs and improvements in user interfaces to more efficiently support the streamlined application and improve the timeliness of eligibility determinations in TIERS.

Finally, the Commission will respond to guidance it receives from the Joint Committee on Oversight of the Health and Human Services Eligibility System, and the federal departments that oversee the programs for which TIERS determines eligibility, as the Commission pursues its goal of improving eligibility services across Texas.

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 40

Related SAO Reports		
Number	**Product Name**	**Release Date**
08-009	An Audit Report on the Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)	October 2007
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

A Follow-up Audit Report on
The Health and Human Services Commission's Texas Integrated Eligibility Redesign System (TIERS)
SAO Report No. 09-005
October 2008
Page 41

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 Services Commission

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