Integration and Outsourcing
Simplify Social Services in Indiana

Andy Opsahl | April 23, 2008

For decades, pursuing benefits from Indiana social services was a test of will, according to Zach Main, director of the Indiana Family and Social Services Administration (FSSA).

Citizens who needed services had to navigate a time-consuming bureaucracy before receiving benefits. Benefits disbursement errors and eligibility determination blunders also plagued the agency, costing the state

millions of dollars.

Before taking his position in 2005, Main oversaw construction of the Indiana Republican Party's Voter Vault database. The model he implemented is now the standard for Republican voter databases in all 50 states. Main outsourced the FSSA's case management operations to IBM, which revamped processes and technologies to decrease eligibility inaccuracies and eliminate unnecessary steps during the delivery of services. The pilot program is already in progress.

Inheriting a Mess

Main toured the organization's 107 offices after joining the agency. He found incompatible bureaucracies that forced citizens to travel more than once to government offices for social services that often took two weeks to initiate.

"We had taken the people who, in many ways, had the least time to give and the least amount of paid time off, and we were making them jump through way too many hoops to get the assistance they were entitled to," he said.

Main soon discovered the administration's business processes were more inconsistent than he and his team originally thought.

"If you walked into an office in one county, it would be a completely different experience than if you had walked into an office in another county," he said. "We found we had about 2,000 caseworkers out there, and we realized we actually had about 2,000 ways of doing business. Every caseworker within that system operated independently of the rest."

Counties managed much of Indiana's family and social services until the state consolidated those functions by creating the FSSA in 1991. However, in 2004, individual FSSA offices still operated with their own rules as if they were still county offices, said Main.

The FSSA also mismanaged money. Main discovered that 12 percent of the time, the agency made errors when qualifying people for food stamps or determining the

dollar amounts they could receive. The agency also incorrectly determined eligibility 36 percent of the time when disbursing Medicaid benefits, usually giving them to ineligible recipients.

"That's the Medicaid you give to elderly people who need to be in a nursing home but can't afford a nursing home," Main said. "The state pays for their nursing home to the tune of about $3,000 a month for the rest of their lives. As you can see, those decisions can run into hundreds of thousands of dollars for just one eligibility decision."

Bypassing Government Culture

Main decided to outsource the FSSA's services to IBM because a major internal change would have been too difficult and expensive. For example, Indiana's human resources infrastructure discouraged altering job classifications, which the agency needed to do to implement new processes.

"That was virtually impossible within the old system," he said. "If the person whose job you changed didn't like it, it could trigger an appeal process that would last 18 months, and you weren't sure if you would win it in the end."

To transform the agency internally, Main would have needed a budget increase of more than $100 million.

"It's very hard for me to go to the Legislature and say I need a [multi]million dollar increase to my budget because the savings is coming beyond when their next election cycle is going to be - and maybe beyond when this governor is going to be here," Main said.

However, the IBM deal slashed the 10-year cost of modernizing the agency down to $1.6 billion, which was $341 million below the agency's current costs. That offered legislators a savings

they could brag about to their constituents, said Main.

The Solution

IBM deployed a case management suite powered by Cúram Software that used the state's legacy benefits calculation application, so the agency didn't have to start from scratch. The solution implemented Web interfaces that let citizens conduct business online with the FSSA, which reduces the number of in-person trips to agency offices.

All caseworkers on duty will be able to pull up a citizen's file and provide services. In the past, an FSSA client was assigned to only one caseworker. If a client came to the office on a day his or her caseworker called in sick, he or she was out of luck.

The agency stored client data in paper files, which only the assigned caseworkers touched. If a client moved, the agency had to mail his or her file to a different office.

With electronically stored files, multiple caseworkers, each specializing in different types of benefits, ensure that clients receive all the appropriate entitlements.

Some of those FSSA specialists might work in other offices around the state, said Brian Whitfield, IBM vice president for state and local government. "If someone had a unique case that required specialization, they had to fax and accept documents," he said. "By moving to the electronic file, we can do workload balancing around the state."

In the past, if a caseworker lacked knowledge about certain programs, that caseworker's client was at a disadvantage, said Main.

IBM also established a centralized call center that's open from 7 a.m. to 7 p.m. to answer clients' questions. Gone are the days when clients could only call during bankers' hours. The call center has access to all case files and uses an interactive voice response system to handle 40 percent of the calls.

"Now like normal customer service situations you run into, I can pick up a phone if I'm a client, and I can call, and whoever answers my call can open up my case from a computer and answer my questions," Main said.

IBM also implemented a technology in which FSSA employees insert mailed paper applications into a system that scans them, creates an electronic document and routes the e-copy to the proper files.

"Before, you'd have stuff coming in that was mailed, and you had to figure out manually where it needed to go, then put it with a hard-copy file," Whitfield said.

He said the fact that one case will often be handled by several different caseworkers would likely uncover and prevent fraud. In the past, caseworkers were usually in charge of their cases from beginning to end, making it easy for them to give benefits to ineligibles.

"Over the last few years before we got here, we had more than 20 of our employees arrested for fraud charges, with an average amount stolen of roughly $50,000 each," Main said. "Then we had a couple more people arrested while we were in the process of going through the procurement."

The Migration

Main was determined not to go through the same difficulties Texas faced when it tried to replace caseworker offices at the state's Health and Human Services Commission (HHSC) with a centralized call center. Most of the Texas agency's seasoned employees moved to jobs elsewhere after resisting the drastic culture change. This left the agency's contractor to staff the center mostly with new employees who had the additional challenge of debugging the call center's new eligibility application.

"Texas modernized and thought they could replace seasoned caseworkers with $8-per-hour people off the street," Main said. "We had an incredibly educated work force - a lot of them with master's degrees and bachelor's degrees. The average tenure was more than 10 years,

especially as you got into more rural areas. ... We said, 'These people are too valuable to let them go off to other places.'"

The FSSA wanted 1,500 of its 2,200-person work force to become IBM employees. The agency required IBM to offer all 1,500 employees jobs for a minimum of two years at the same pay and benefits they received from the state.

Main also said the Texas HHSC tried to change too much too quickly. "They tried to change the way they did business by instituting different process models. They tried to replace their core legacy computer system. They tried to change some of the rules of eligibility on some of their most popular programs. And they tried to lay off a third of their work force all at the same time," Main said.

Stephanie Goodman, a spokeswoman for the HHSC, said the agency attempted such an ambitious plan simply because it had a lot to change. Texas' outdated system hadn't changed in nearly four decades, and colleges no longer taught COBOL, the system's programming language. The system needed quick, drastic modernization before the state ran out of COBOL programmers.

"There are also special challenges in dealing with a population as large and diverse as we have in Texas. We have 2.3 million food stamp recipients," Goodman said. "I suspect that's a few more than Indiana."

New Focus

Main said the role of FSSA's leaders changed to focus on contract management rather than traditional operations management.

"We've changed the mission of the Indiana Family and Social Services Administration," Main said. The agency's primary focus needs to be contract management, he said, because 92 percent of the agency's $7 billion budget is contracted out.

The pilot version of the IBM contract is under way in 12 counties.

"Anytime you do a pilot," he said, "you make certain guesses on the number of people who are going to access the system through each different kind of channel." Main said call volume was double what was expected.

The FSSA planned for phone hold times to be only 90 seconds. Instead, they average roughly 5 minutes, Main said. However, he said when call center operators answer the calls and apologize for those wait times, they often receive surprising responses.

"[Clients] say, 'Are you kidding me? Five minutes on the phone? I waited 10 minutes at the bus stop just to catch the first of two buses I needed to take to the county welfare office. This is incredibly convenient for us.'"

http://www.govtech.com/health/Integration-and-Outsourcing-Simplify-Social-Services.html