



PHOCUSED

PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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March 4, 2010

TO: Representative John Mizuno, Chair
Senator Suzanne Chun Oakland, Chair
Members of the House and Senate Human Services Committees

FROM: Alex Santiago, Executive Director
PHOCUSED

RE: Impact of DHS changes

Chair Mizuno, Chair Chun Oakland and members of the House and Senate Human Services Committees. I am Alex Santiago, Executive Director of PHOCUSED (Protecting Hawaii's Ohana, Children, UnderServed, Elderly and Disabled). PHOCUSED is a coalition of health, housing, human service agencies and individual advocates voicing the needs of the marginalized and underserved in Hawai'i. Thank you for the opportunity to provide comments on the proposed DHS changes to the BESSD, Med-Quest and other department functions. I would also like to thank the Department for sharing their documents with us for review and comment.

The Department's plans to create a new Eligibility Processing Operations Division (EPOD) that will:

- 1) Streamline and consolidate eligibility functions by eliminating the requirement for face-to-face interviews and encouraging online, phone, fax or mail applications
- 2) Be more productive by using new online technologies such as an electronic eligibility calculator
- 3) Produce general fund savings for taxpayers by eliminating 232 state positions and 31 current eligibility locations

While on the surface, these outcomes may appear positive; we believe these changes will be devastating for the people DHS is mandated to serve, especially at a time when the need for public assistance programs is significantly increasing. Specifically we raise the following concerns:

Additional burden on community social service agencies. DHS claims that "*residents could receive face-to-face help, if they prefer, at remaining DHS offices on every island, as well as community social service agencies and health care facilities statewide.*" PHOCUSED asked its member agencies in the

community if they were contacted by DHS about performing eligibility functions for the department. None of our member agencies have informed us that they have been contacted by the DHS.

If DHS is depending on community agencies to assist with eligibility functions, they have not contacted the agencies nor, as far as we are aware, have they offered to provide any additional funding to these agencies to deal with the increase in applications.

We have testified on numerous occasions that the health, housing and human service agencies in the community have had to reduce their services and staff due to budget cuts as a result of the economic crisis. Asking them to take on DHS eligibility functions will put an added burden on their already stretched thin staff.

- **Loss of personal relationships.** While there may be room for improvement and streamlining current eligibility operations, Hawai'i residents who need public assistance develop a personal relationship with their eligibility worker to assist them through the difficult times. The eligibility worker is able to assess not only the individual's eligibility for financial or medical benefits, but they are also able to refer the individual to social services for additional assistance if it is needed. A phone, fax or online calculator will not be able to do this. This personal relationship is especially helpful for non-English speaking clients.
- **Lack of planning.** DHS stated that EPOD is modeled after the Florida ACCESS program that has gained national attention for efficiency and satisfaction ratings. Florida started discussing reforms to its Department for Children and Families in 2002. After further planning, it began implementing incremental changes to the department in 2004. In contrast, DHS began initial letters to HGEA regarding this reorganization on January 29th 2010. They plan full implementation in Med-Quest for July 2010 and BESSD and SNAP soon after. We question the timing and planning DHS has put into creating EPOD.
- **Increase in payment errors and fraud.** The Mathematica report on the Florida ACCESS program claims that there have been substantial savings due mainly to staff reduction and office closures; however, they also report an increase in payment errors and a decrease in client participation as a result of customer service center closures. Additionally, the chief investigator of the DHS welfare fraud division testified at the Legislature's informational briefing on February 23rd, that without eligibility workers, his investigators are not able to provide the evidence they need to prosecute cases of welfare fraud. The state will not be able to reclaim the money it loses as a result of fraudulent claims.
- **Delayed technology improvements.** DHS states that they will be more productive by implementing online technologies and electronic calculators. We question when this will occur since we have been waiting for a year for the department's technology to implement new categorical eligibility procedures for the SNAP program.
- **Staff reductions.** Finally, we are concerned at the loss of 232 staff positions in addition to the 315 positions that were already lost during the first reduction in force. The current eligibility workers are struggling to keep up with the increase in applications. One eligibility worker testified at a previous hearing that she already had a caseload of 500 clients. The loss of additional workers would cause an even greater burden on this worker's caseload. When the need for assistance is increasing, it does not make sense to decrease

staff. Additionally, the Mathematica report cautions other states on reducing staff too drastically and too quickly.

We acknowledge that there may be areas within the Department that need improvement and can result in cost savings to the state. However, lessons learned from the Florida experience suggest that *“a more deliberate planning and implementation period might have avoided some of the challenges associated with this rollout schedule. Local and district level DCF staff suggested that a better approach would have been to institute the policy and procedural changes first, followed by the technological enhancements to support those changes. At this point, they could finally have started to scale back positions, once the agency’s ‘learning curve’ had been attained and technological glitches had been resolved.”*

There are many individuals who will be impacted by these proposed DHS changes, such as clients, DHS staff, and community agencies. This is not just about how much money will be saved but also about providing HUMAN services to the people of Hawai’i who need help.

Thank you for this opportunity to provide comments.