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# Memo

To: Sue Birch, Executive Director, Department of Health Care Policy and Finance  
From: Colorado Human Services Directors Association  
CC: Roxane White, Chief of Staff, Office of Governor John Hickenlooper  
Reggie Bicha, Director, Colorado Department of Human Services  
Kristin Russell, Secretary of Technology and State Chief Information Officer  
Date: 7/26/2011  
Re: CMS audit dated July 1, 2011

This memo represents the Colorado Human Services Directors Association's formal response to the CMS audit, dated July 1, 2011. The CHSDA is pleased that the majority of the recommendations in the audit are those which counties have been requesting for years. We expect that the Administration has allocated the necessary staff and time to comprehensively assess the eligibility and enrollment system and determine the required steps for system-wide improvement. After reviewing the audit, it is necessary that we express a strong opinion with regard to several items included in the recommendations and that we clarify areas of the memo which appear to contain inaccurate statements and statistics. In addition to providing clarification, we also would like to provide the county perspective – that is the perspective of the State's primary user of this data system. Finally, **we request that HCPF develop a county-state workgroup to review the corrective action plan to help ensure that all affected parties are involved in the decision-making.**

## Areas of Agreement

Counties throughout Colorado have demonstrated a strong and unwavering commitment to working in partnership with CDHS, HCPF, and OIT to analyze, plan, and deploy a comprehensive, solution-based approach to improving the entire health and human services system and the databases that support them. Ensuring accurate and timely processing of Medicaid applications, and access to all entitlement benefits, is of vital importance for families and individuals in Colorado. We are confident that we share this perspective with the state.

We are in agreement with and applaud all of the technological innovations CMS recommends and requires in the audit. We have been requesting access to vital records, and DMV and SSA documents, among others, for years. Counties welcome technological

innovation and have fully embraced the PEAK system, playing an integral role in its successful statewide roll-out. We have consistently called for accurate data by which Directors could manage their programs and improve business processes and procedures.

## **County Involvement**

As we mentioned in our prior, informal response to the CMS audit, we strongly believe that with effective involvement and input from counties, the results of the audit and the responses to it would have been substantially different. This would have benefitted both HCPF and CMS tremendously by more specifically defining the problem areas and the forthcoming solutions to help improve the overall eligibility and enrollment system. Counties have been involved in multiple federal audits and responses of this type previously. Past county involvement has included providing additional data and information that may have been missed during the audit, developing collective action steps in conjunction with the state departments toward a successful implementation plan, defining technical assistance that may be needed from the federal government and countering critical issues when necessary that may have negative implications further down the road. It is critical that counties, who administer the programs, be closely involved in developing and implementing the corrective action plan in order to ensure that Colorado's roadmap for improvement is successful.

## **Expansion of the Role of MAXIMUS**

Counties share the commitment to an "Any Door is the Right Door" policy and feel that many of the recommendations included in the audit will further this goal. County Human Services Departments have been working diligently to operationalize this vision for years, providing locally-based wrap-around services to families in their own communities. We feel strongly that **systems should not create obstacles for families** who are trying to access critical benefits for which they are eligible. This is one of our primary concerns about the MAXIMUS contract and the recent significant expansion of its scope.

We are extremely concerned about the recommendation to expand the scope of this private contractor further, especially in light of the fact that there has been no publically available data showing how the contractor is performing. Data and reports from other states where private vendors have taken over the role of eligibility and enrollment for public benefits have indicated that this approach has proven costly and ineffective for clients.<sup>1</sup> Initial data reports run by counties indicate that timely performance and denial rates are notably poorer than county performance. Despite multiple attempts by county leadership to convene a county and state data workgroup to vet and validate this data, thus far, this has not occurred.

Further, we know that counties do not have the same timeliness standards as MAXIMUS, nor do counties enjoy the same access to data and other tools in order to meet them. We welcome the opportunity to share these timeliness standards, and expect that this would also include increased funding for increased caseloads, which is included in the MAXIMUS contract, but is not afforded to county human services. We have not been involved in any strategic visioning sessions, and yet the audit notes that this private contractor has already begun expanding its capacity to take on more cases. Interestingly, when the audit information gathering occurred (July-December 2010), MAXIMUS had yet to transition the majority of the cases from the previous vendor (ACS) and data for both indicate very poor performance. We have also not been able to review agreed upon performance data, nor been

involved with the Department or with the contractor to determine the best methods for serving vulnerable families. These are clear issues that we believe must be addressed before expanding on a contract that has not proven successful for our state.

Some of our concerns about the MAXIMUS contract and expanding the role of this private company in serving vulnerable Coloradans are listed here:

- Hiring MAXIMUS to process medical applications requires Colorado's most vulnerable individuals and families to navigate two systems, instead of one, which creates an unnecessarily confusing and laborious process for clients. Multiple documents, case studies, and recommendations from federal HHS all suggest that duplicitous systems make it more difficult for clients and prove to be inefficient.<sup>ii</sup>
- Using a private vendor has only increased the "maze" of systems to maneuver and could consequently lead to higher rates of eligible but not enrolled (EBNE) individuals.
- Many vulnerable Coloradans, including the elderly, homeless or disabled individuals, and people with language barriers, require face-to-face assistance in order to complete the application. MAXIMUS is not a locally-based entity and hence cannot meet these needs. County eligibility staff have the ability and the knowledge to enroll eligible clients in multiple federally funded programs and to refer clients to various community resources.
- Clients expect to be able to complete their application submission and renewal through local county and community based access points. If applications are sent directly to MAXIMUS, this is not possible.
- Counties do not have access to case information for applications being processed by MAXIMUS. This limits counties' ability to serve clients. Many families rely on counties as their local access point for information about all aspects of their applications including submission of required documentation and information regarding how to connect their benefits with local service provision.
- MAXIMUS is increasing costs in other parts of the system. MAXIMUS uses a separate system, outside of CBMS, to document client calls, receipt of documents or applications, etc. This makes it very difficult to work with clients who contact the county because they are frustrated after having no success talking with MAXIMUS. County staff are unable to see the history and must start from the beginning when talking with these clients – **This takes more time and costs more money.**
- MAXIMUS cannot replicate the counties' ability to screen a client for the entirety of their needs and to refer the client to local community partners for additional support services. **Now, clients are being screened for eligibility twice.** MAXIMUS has a limited ability to provide comprehensive customer service. Consequently, clients frequently turn to counties. For example, MAXIMUS often tells clients to call HMOs to order new CHP+ cards. When the client calls the HMO they are instructed to call CHP+ since they are not showing up as enrollees at the HMO. Many clients end up calling county staff after calling MAXIMUS 3-4 times, seeking a solution to the endless circle. **Again, this is inefficient and the cost to Coloradans goes up.**

Human Services Departments are uniquely equipped to understand the myriad needs and local resources available for Coloradans in their community. The best way to leverage the local expertise and relationships is to **invest in the existing infrastructure**, to improve the system for all needy Coloradans, not just for people who only need medical services. Historically, HCPF has worked with private vendors to process mail-in applications and additional medical-only overflow applications at the

county's request. This helped provide relief to counties who needed that relief, due to stagnant funding amidst skyrocketing caseloads. It is always best to ask counties what they need, don't tell them. The expanded scope of the MAXIMUS contract does not provide any additional relief to counties. Instead, it diverts resources away from counties that are doing locally-driven, community based work providing a seamless integration of services, and makes already overburdened caseworkers' jobs harder by requiring them to fix any errors made by the private vendor.

## **Timeliness**

The audit makes a strong statement regarding the timeliness of applications. While we believe that the data in the audit is significantly flawed, and that applications should be considered complete when they are signed by the applicant, we share the concern about timely processing. There must be a comprehensive plan to analyze the entire eligibility and enrollment system across programs with the ultimate outcome of deploying a comprehensive, solution-based approach to addressing the identified issues that delay timely processing. This must include an adequate analysis of the funding that the state provides to county human services departments to ensure timely processing of applications. Funding support for counties has simply not kept up with the increasing demand for services. Contracting with a private vendor for medical services is a very significant operational, program and policy decision. With regard to MAXIMUS, specifically:

- MAXIMUS has not demonstrated the commitment nor the ability to process applications and recertifications in a timely manner, as required in order to meet the need of Coloradans. **As of April, 2011, MAXIMUS, and the prior private vendor ACS was responsible for 73.7% of the overdue applications in Colorado (EPGs)**. Medical Assistance sites were responsible for 15.1% and the Big 10 counties are responsible for a total of 11.2%.
- Increases in inquiries and duplicate applications for Medical assistance to counties are a result of the current backlog associated with MAXIMUS. This has created a significant gap in services to eligible Coloradans and an additional workload to counties.
- MAXIMUS has not demonstrated the ability to process Medicaid only applications without impacting other high level program groups. MAXIMUS often creates claims, stoppage of other important resources and/or problems that must be subsequently cleaned up at the county level.

**CHSDA has requested a variety of business process and policy changes that could substantially increase efficiencies** in determining eligibility, including: aligning of redetermination dates, creation of eligibility interfaces such as vital records and Work Number, streamlining and alignment of requirements across program areas, utilization of available waivers (and pursuing additional waivers), and additional guidance and training on the ex parte redeterminations. To date, counties have not been provided with these tools. We certainly agree that more efficiency could be gained with some simple changes and we request that a well-defined action plan for process improvements be constructed and implemented moving forward.

## **Stand Alone Medicaid System**

We are also extremely concerned with the suggestion to create a stand-alone Medicaid system. National research on best practices in providing for economic stability and community health consistently shows that a front-end, integrated, locally-delivered services model creates the best outcomes for low-income families<sup>iii</sup>. No family, regardless of income, wants to go to multiple places to access services that could

be delivered in one location. When government services and systems are fragmented, a family might find the time to take care of one need, but then not be able to find the time, or know where, to get other needs met; and the needs we are talking about are the most basic needs of food, shelter, clothing, child care and medical care, among others. Separation of programs and duplication of efforts will lead to poor outcomes for families over time. It is important to provide the full range of services to assist the family to achieve self-sufficiency, which is the ultimate goal.

Local, county professionals work tirelessly every day, with extremely limited resources, amidst unprecedented caseload growth, to develop the best outreach and enrollment strategies to help families access these necessary services and benefits. Many counties, with additional resources provided through grants or other funding, have successfully decreased the rate of eligible but unenrolled individuals in their communities. As an example, the Boulder County Healthy Kids program has enrolled nearly 6,000 eligible but unenrolled individuals in the last 2.5 years. Other counties have similar programs that have been working to address this important issue. Program successes in this area have been accomplished through the existing enrollment systems paired with a county-based, community outreach and enrollment program and NOT through a private vendor contract or the development of a parallel system. HCPF has already tried to use a private vendor (MAXIMUS) for CHP+ outreach, but was not successful. Usurping already limited resources to create a parallel system would further inhibit counties' ability to increase outreach and enrollment for families eligible for health and other public benefits in local communities across the state.

Building more siloes that divide medical programs from other human services programs will only increase the number of eligible but unenrolled families, particularly for the SNAP program, which is a key support system for many families both financially and nutritionally. It is a major economic driver and development tool, which helps families and the state economy at the same time.

Colorado must find new ways to connect families efficiently with the benefits they need. This is why we believe strongly that there needs to be one, integrated, fully-functioning health and human services system in Colorado.

It is simply not efficient, nor cost-effective, to develop two separate systems for enrollment and eligibility for public benefits. We are all well aware of the ongoing struggles with CBMS. But the cost alone, not to mention the loss of efficiencies, would appear to make operating two separate systems prohibitive. And for low-income families, the implications for the food and cash assistance programs would be dire.

To develop a separate Medicaid system, which would have access to all the modern technological advancements, while at the same time removing Medicaid funding from CBMS, would create two unequal systems in Colorado; it would create a new, centralized system with enhanced resources and additional tools for Coloradans seeking medical benefits exclusively, while diverting resources from other programs that provide critical supports to low income families. Given the number of people who are eligible for multiple public benefits, it would be more efficient, and more effective, for Colorado to invest in the entire health and human services system to support families in need.

## Fiscal Analysis

Finally, we disagree with the fiscal analysis showing that contracting with a private vendor is cheaper than providing the same services through the county infrastructure. The calculation of estimated cost per application seems to assume that the allocation to counties only funds the application process. In fact, the funds allocated to the counties support a far greater set of activities than application processing, many of which require a significant amount of staff time to complete. Further, the calculation fails to acknowledge that only thirty percent of the counties' annual allocations are comprised of state general funds, with twenty percent derived from county taxes. The state general fund comprises a full fifty percent of the Medical Assistance vendor's allocation. Overall, we believe that the calculation is misleading and is not an accurate fiscal analysis. We would invite the opportunity to work with you to develop a more accurate fiscal analysis.

## Conclusion

We strongly believe that we must work together if we are to achieve our mutual goals of ensuring timely access to medical assistance and other family stability benefits and preparing for the implementation of the Patient Protection and Affordable Care Act.

**CHSDA requests that HCPF establish an interagency workgroup, involving both county and state-level staff to respond to the CMS audit.** We believe strongly that there is no disagreement about what we all want to achieve; but we also believe that decisions that are being made at this moment will have long-term consequences for families in Colorado and that there must be strategic agreement about how to reach the goal.

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<sup>i</sup> Companies Gained During Indiana's Welfare Privatization While SNAP/Food Stamp Applicants and Recipients Were Put on Hold. <http://articles.latimes.com/2011/jun/24/nation/la-na-indiana-privatize-20110624>

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<sup>ii</sup> Kaiser Family Foundation. (April 2010). *Optimizing Medicaid Enrollment: Perspectives on Strengthening Medicaid's Reach under Health Care Reform* <http://www.kff.org/healthreform/upload/8068.pdf>

<sup>iii</sup> Werth, J. and Fleming, D. (2008) Creating a "super" agency in San Diego County. *The Public Manager*, v. 37(3), 21-26. Retrieved from [http://findarticles.com/p/articles/mi\\_m0HTO/is\\_3\\_37/ai\\_n31347610/](http://findarticles.com/p/articles/mi_m0HTO/is_3_37/ai_n31347610/)

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