



Improving the Integrity of HHSC's Eligibility Determinations

Senate Committee on Finance

February 4, 2025

Key Takeaways:

- Texas 2036 supports HHSC's Exceptional Item #2 in its Legislative Appropriations Request for \$299.7 million in General Revenue (\$809.7 million in All Funds) to improve its IT infrastructure, including the Texas Integrated Eligibility Redetermination System
- Well-functioning, modern IT infrastructure is the backbone for development of innovative policy changes that promote program integrity and increase efficient use of taxpayer funds
- Increasing the usage of administrative renewals improves efficiency while maintaining program integrity
- To expand eligibility workforce capacity at virtually no state cost, outstation eligibility workers whose salaries are not paid for by the state should be exempted from HHSC's FTE cap

IT Investments Improve Government Efficiency

HHSC's integrated eligibility system (TIERS) processes applications and renewals for millions of Texans who utilize Medicaid, SNAP, CHIP, and TANF. Continued investment into IT systems including TIERS maintenance and development will:

- Support HHSC's ongoing efforts to rectify backlogs and timeliness issues which have subjected HHSC to significant federal oversight in the past several years
- Reallocate workloads to the most complicated cases by ensuring that utilization of electronic data sources for income and employment is prioritized

Ex parte renewals

The ex parte process utilizes existing vetted data sources to quickly and efficiently process benefits renewals. During the unwinding of the public health emergency, Texas utilized this process for 9% of its medicaid renewals, a rate lower than that of nearly every other state in the country. This reliance on manual application reviews contributes to delays in processing and creates opportunities for human error and fraud. The Centers for Medicare and Medicaid Services outline flexibilities granted to the states for use in their ex parte renewals process; by asking HHSC to identify and



take advantage of those flexibilities to raise our ex parte renewals to a target rate like the national average of about 38%, the Legislature can ensure that HHSC makes better use of its human resources while maintaining program integrity.

Outstation workers

When eligibility cannot be determined by electronic data verification, HHSC relies on an extensive network of eligibility workers to work directly with clients in HHSC offices and at outstation locations like federally qualified health centers and hospitals. This Outstation Worker Program allows HHSC to comply with federal requirements that certain eligibility groups be given the opportunity to apply for and renew medicaid at locations other than an eligibility office.

The Outstation Worker Program utilizes 435 staff members who serve 1,098 facilities and processed over 250,000 applications and renewals in 2024. While HHSC is taking steps to expand the OWP, one of the barriers to doing so is HHSC's FTE cap. However, **while outstation workers are HHSC employees, their salaries are paid by the facilities in which they are located and the federal government.** Exempting outstation workers from the FTE cap would allow the state to reach more clients in a more efficient manner. Increasing the OWP's functionality would also allow the state to explore additional community-based locations for the program, perhaps with an eye towards reaching the eligible but unenrolled population, which includes an estimated 400,000 Texas children.

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