

Memorandum

Date: September 9, 2009
To: Santa Barbara County Legislative Committee
From: Kathy Gallagher, Director of Social Services
Subject: Centralization/Privatization of Public Assistance Programs
CC:



Recommendation(s):

That the Santa Barbara County Legislative Committee:

1. Oppose the implementation of a centralized privatized statewide eligibility determination and case management process for the CalWORKs, Medi-Cal and Supplemental Nutrition Assistance Programs (Food Stamp);
2. Support increasing efficiencies with automated enrollment and technologies via a single statewide system but retaining eligibility determination processes at the local county level.

Recommended Action(s) and Strategy:

1. Send letters to our State Legislative delegation, CSAC and Secretary of Health and Human Services;
2. Make advocacy opposing privatization and centralization a County Legislative Priority for 2010.

Summary of the Issue

ABX4 7 was a last-minute add to the 2009/10 budget negotiations and was signed into law by the Governor with the State budget on July 28, 2009. This bill would allow the State Department of Health Care Services and the State Department of Social Services to contract with a private vendor to perform eligibility determinations for Medi-Cal, Food Stamps, and CalWORKs using a large statewide automation contract centralized in Sacramento. Local governments would be left to face the dissatisfied constituents, would continue to pay a county share for programs governed solely by the State, and would be left to deal with massive layoffs of staff and disgruntled unions.

It is the intent of the Legislature that development of a statewide automated eligibility system shall achieve all of the following outcomes as outlined in ABX4 7:

1. Facilitate better access to services;
2. Lower costs without reducing access;
3. Improve consistency of eligibility determination and enrollment;
4. Employ state-of-the-art technology to improve efficiency of the eligibility determination process;
5. Create an efficient process that eliminates redundancies and inefficiencies; and
6. Minimize the number of technology eligibility systems the state shall support.

The outcomes listed above are not achievable by centralizing and privatizing a statewide eligibility determination system to a for-profit entity and we urge you to **oppose centralization and privatization**. This is a high risk, costly approach that has been tried and failed in other states to the detriment of taxpayers and clients. This bill would attempt to duplicate or replace, at a much greater cost on a much longer timeframe, the existing successful systems. Previous state attempts in California to automate similar services have either failed completely or taken an extended period of time to complete at a substantially greater cost than originally estimated.

In addition, there is no evidence that centralized, privatized eligibility improves customer service – in fact, the experiences of other states demonstrates that service delivery is actually worse. Hundreds of thousands of clients have lost needed services that they were eligible to receive. Access to critical services for many more clients was curtailed as offices were closed and workers to provide needed assistance were laid off. Even after failed privatization efforts were halted, clients continued to suffer harm as states had difficulty staffing back up to meet demand. Furthermore, the fundamental function of government is to provide public safety, public health and public assistance benefits. Taking the role of local government and putting it in the hands of private businesses ran out of Sacramento will have harsh and unnecessary human impacts felt at the local level in the name of profit seekers.

Local Risks/Impacts that Centralization and Privatization Creates:

- No local offices for clients to access (for public assistance and emergency services, (i.e. expedited food stamps)).
- State automated system assumes that all applicants have access to a computer and are computer-literate. Also, a state automated system will not be able to recognize and adapt to the barriers that exist for varying clients (such as mental health issues, physical disabilities, etc.). As a result, many clients may not apply for public assistance at all or not to renew benefits which will leave our most vulnerable clients; children, aged and disabled at risk of abuse and neglect increasing the demand for protective services.
 - County health clinics will be overwhelmed and local hospitals and physicians will be forced to absorb the financial burden of the uninsured accessing emergency care.
- Local demand on CBO's and food banks will become overwhelming.
- The local demand would become so great that the county may experience program expansion for the General Relief program.
- Crime rates may increase because the basic needs of the constituents will not be met.
- The future of CenCal Health would be uncertain. It is unclear whether the legislature would allow Medicaid Managed Care programs to continue to exist.

- Otherwise eligible clients may not access benefits which will negatively impact the local economy. The multiplier effect - for every \$1 spent on human services program benefits generates \$1.32 in local economic activity (Beacon Economics Study, March 2009).

We agree with and **support the goal of increasing efficiencies** in the delivery of public assistance benefits through the **use of technology and automation**. Efficiencies are already being realized through collaborative efforts already underway.

- Counties are already supporting internet-based applications - County welfare departments, state staff, and advocacy organizations representing clients are creating state-of-the-art, internet-based applications for a number of programs, including CalWORKs, Food Stamps and Medi-Cal in five counties, expanding to all counties over the next year. These efforts build upon the successful systems that are already in place.
- Counties effectively use technology to improve services - Counties are already leading the way in implementing efficiencies such as call centers and internet-based application portals to improve access to services and support clients.
 - Santa Barbara County opened the Benefit Service Center (BSC) in September 2008. In FY 08/09, BSC Staffing levels have remained static despite a 27% combined Medi-Cal and Food Stamp caseload growth.
- On-line appointment scheduling for intake – Santa Barbara County Department of Social Services is in the process of setting up an internet based appointment scheduling process for public assistance intake programs.

We also **support mandating a single statewide automated system**. Currently there are four Statewide Automated Welfare Systems (SAWS) that are being used by the 58 counties. Significant financial investment of State and Federal monies were put into these systems that accurately determine eligibility in a consistent manner with very low error rates. AB 7's intent to develop a new automated system is tenuous when one of these existing systems could be utilized statewide by all 58 counties to determine eligibility and achieve the desired outcomes of AB 7.

For these reasons, we oppose centralization and privatization and support increasing efficiencies through the use of technology and a single statewide automated eligibility determination system that is county administered. We believe the desired outcomes of AB 7 are achievable by enhancing and moving to one SAWS. Moreover, leaving eligibility determination with counties will profoundly benefit Santa Barbara County clients, local government, and the local economy.

ATTACHMENTS

ABX4 7 – Public Social Services: Statewide Enrollment Process
County Welfare Director's Association – Myths and Facts