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Private welfare contract proves contentious

Governor hopefuls spar over Indiana's \$1.16 billion deal.

BY ED RONCO *Tribune Staff Writer*

SOUTH BEND -- Politics often involves semantics, and that is especially clear in the debate over massive contracts for state services.

Take, for example, a \$1.16 billion deal for a private company to take care of Hoosier enrollment in Medicaid and food stamp programs.

The contract deals mainly with the way people register for welfare benefits. The goal is to persuade more people to enroll on the phone and the Internet, in hopes of saving money on human caseworkers. The new system is not yet active in St. Joseph County.

Some people call the plan "privatization." Others say "modernization."

Whatever the word, the deal has stirred up vocal opposition and lawsuits, and it has been used by Democratic gubernatorial hopeful Jill Long Thompson as an argument for her to replace Gov. Mitch Daniels. State officials, meanwhile, say it's improved Indiana's ability to reach people who need help and has updated an antiquated system full of inefficiency and fraud.

State cites benefits

Mitch Roob is secretary of the Family and Social Services Administration, which runs Indiana's Medicaid and food stamp programs and has the contract with IBM Corp.

In August -- the only month the state wasn't in disaster mode, Roob said -- the state saw a 1.8 percent increase in food stamp distribution in areas where the new program had taken effect, compared to 1.4 percent in areas where the new program had not been implemented.

"Is four tenths of one percent material?" he said. "If it were the other way around, it would be politically material." Still, Roob said he understands why people want to deal with a case worker face-to-face.

"But the human is a really expensive asset, and we spent all our money on child welfare," Roob said in an interview with The Tribune.

Indiana spent \$77 million adding case workers in its child welfare department, Roob said, "because only a human can help a child."

"I was left with the task of fixing the welfare system without any money, and if I didn't fix the welfare system, we would lose (federal) dollars," he said.

County welfare offices are still open, and caseworkers are still available as needed, Roob

said. With the changeover, Roob said he's concerned about the people who have never been able to navigate the system and must have others do it for them.

For example, nursing home staff often act as surrogates for patients in dealing with state welfare programs, Roob said.

But privacy laws can hamper that if one person leaves the staff and doesn't designate a new surrogate on the patient's paperwork.

It has to do with a law called the Health Insurance Portability and Accountability Act -- HIPAA for short -- that puts tight restrictions on who can see a patient's medical records.

In those cases, "we simply benignly neglected HIPAA," Roob said. "The intent of HIPAA was never to preclude that person from obtaining that information." **Concerns over access**

Nancy Griffin offers a laundry list of reasons why she doesn't like the new program.

But her biggest concern is with access to caseworkers, said Griffin, who is on the board of United Senior Action, an Indianapolis-based advocacy group for senior citizens.

"When you call the call center now, you never get the same person twice," she said. "That person doesn't know who you are, they don't know where you live, they don't know your family."

But it's more than a familiarity issue, Griffin said. Often, the people who need the service most are the ones who require help the most, too -- help that's hard to obtain over the phone, she said. "When you think about the people we expect to be served by these programs," she said, "we really have to have knowledgeable, informed, local case workers available to assist those who are most in need and least likely to be able to navigate an electronic or call center system."

And she disputes Roob's claim that open county offices mean access to case workers.

"If you go to that office, what you'll find are clerks," she said. "And people who will say, 'The computer's over there, the phone's over there. Call the call center,' or 'I can fax your papers in for you. I can't make a decision.'æ"

Griffin was part of a small group of vocal opponents to the enrollment privatization who gathered in downtown South Bend for a news conference last week.

Fewer case workers also means a bigger load for nonprofit agencies that help people navigate government services, said John Cardwell, chairman of the Indiana Home Care Task Force, which helped lead Thursday's event. As advocacy groups talk to reporters, at least one attorney in LaPorte County is suing.

Shaw Friedman, who has previously been general counsel to the state's Democratic Party, has filed a lawsuit to stop the modernization rollout. It's scheduled for a December hearing in federal court.

Politics

Cam Savage, a spokesman for Daniels' re-election campaign, said the state had the worst child welfare program in the country when Daniels took office, and that government has fixed that.

Food stamp distribution had its problems, too, he said. "In 2005, before the modernization process truly started, FSSA estimated that they paid food stamp recipients \$33.9 million more than they were entitled," Savage said.

With the new program, errors will be reduced, Savage said, and the contract with IBM was not simply a cost-cutting measure.

"There have been estimates that in the long run, there will be a cost savings to taxpayers," he said. "But that's never why we started down this path. We started down this path because it was the worst welfare system in America."

But given the choice between using a private vendor and trying to better manage a program, the state should always choose the latter, said Jill Long Thompson, the Democrat running against Daniels.

She cited her experience as undersecretary for rural development in the U.S. Department of Agriculture during the Clinton administration, when she had to deal with the department's single-family housing loan program. She said she improved the program by using a private software vendor to modernize its operation.

"There is a huge difference between working with the private sector to manage functions," Long Thompson said, "and simply turning over the running of a program to an outside contracting firm from outside the state of Indiana."

Staff writer Ed Ronco:
eronco@sbtinfo.com
(574) 235-6353
