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## Rollout of Indiana welfare changes halted

Contractor takes too long to process food stamp requests, feds say; action is a blow to Daniels' privatization push

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Needy Hoosiers are being forced to wait too long for food stamp applications to be processed by a private contractor, according to federal officials. The state has suspended the rollout of its welfare modernization project to address the problem.

The action represents a major blow to the controversial privatization effort that is one of the keystones of Gov. Mitch Daniels' first term.

A similar privatization project in Texas was canceled last year, two years into the five-year project, amid similar problems.

Brad Rateike, a spokesman in the governor's office, and Cam Savage, communications director for Daniels' re-election campaign, declined to comment.

Advocates for the state's poor say problems with the project, which was launched in October, are placing a strain on many of the 1.1 million children, seniors, people with disabilities and others who count on food stamps and other welfare benefits.

Jill Long Thompson, Daniels' Democratic rival in the November election, immediately criticized the administration's handling of the modernization project in a statement issued Wednesday night.

"As I have traveled Indiana over the recent months, I have heard from many people about the problems they have encountered with this system. The governor and his administration have heard these same concerns, yet apparently did not care enough to act," she said.

The problem centers on the performance of a team of vendors led by IBM Corp. and Affiliated Computer Services, which last year won a \$1.16 billion, 10-year contract with the Family and Social Services Administration to process applications for Medicaid, food stamps and other welfare benefits received by nearly one in six Hoosiers.

The effort has in many cases replaced face-to-face interviews for welfare assistance with call centers and computers, creating an obstacle for people without easy access to those technologies, said Glenn Cardwell, a former Vigo County state welfare director who is among the more vocal critics of the new system.

"It's trying to apply a business model to a social service situation," Cardwell said. "No one has sat down and talked to enough clients to figure out what kind of systems they need. If people are so sick and out of money, they can't sit there on the phone for hours."

And for those such as Byrd who opt to visit an FSSA office, the wait can be excruciating.

Problems with the project were the focus of a town hall meeting Wednesday in Vigo County and will be discussed again today in Kokomo, where a legislative study committee chaired by House Ways and Means Chairman Bill Crawford, D-Indianapolis, is holding a hearing on the project.

"I'm glad they stopped it," Crawford said in response to the news. "It looks bad. People who are entitled to services are not getting them based on problems with how their applications have been handled by the private contractor."

A lawsuit filed in Marion County in May claims the state has denied benefits to plaintiffs when the agency's vendor was missing documents such as birth certificates or medical records -- documents the plaintiffs claimed to have delivered. In each case, clients received letters citing their "failure to cooperate."

The stop order came to FSSA Secretary Mitch Roob on June 23 from a regional director for the U.S. Department of Agriculture's Food and Nutrition Service. The letter cites concerns about Indiana's timeliness in processing food stamp applications and its ability to deliver the benefits in a timely manner.

The letter said the federal government expects the Family and Social Services Administration to "realize measurable improvement" in processing applications before expanding the privatized system.

Roob said he planned to comply with the federal order to draft a corrective plan within 90 days and would not continue the rollout until perhaps September or October.

Roob said FSSA has a 60-day standard for approving food stamp applications rather than the 30-day standard followed by Food and Nutrition Services and most states.

FNS expects states to process 95 percent of food stamp applications within 30 days. Indiana's average is about 83 percent.

Beyond timeliness, advocates are concerned that the system is dumping people off welfare rolls.

State data show the number of people receiving food stamps has dropped more than 11 percent -- from 67,370 to 59,617 -- from May 2007 in the 12-county region centered where FSSA rolled out the changes in October.

Medicaid enrollment dropped by more than 4 percent -- from 86,574 to 82,874 -- in those counties.

In the state's remaining 80 counties -- which largely went unaffected by the welfare changes since they were rolled out -- Medicaid rolls grew from 735,703 to 755,623, or 2.7 percent, Cardwell said.

The privatization expanded to 27 counties in western and Southern Indiana on March 24. It reached 20 additional counties in northeastern and southwestern Indiana in May.

The Family and Social Services Administration's own numbers appear to indicate the volume of calls coming in is overwhelming the vendors.

Zach Main, director of FSSA's Division of Family Resources, released statistics last week showing 11.5 percent of callers to the vendors' 800 number abandoned their calls, or hung up, without completing them. Some were on hold more than 10 minutes.

The goal is to eventually reduce the abandonment rate to 7 percent, Main said.

These figures didn't surprise Long Thompson.

"Privatizing this program to a vendor that is not capable of handling the responsibilities has resulted in children in Indiana going hungry," she said. "That is not acceptable."

*The original posted version of this story contained two errors which have been corrected.*

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