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Streamlining Public Benefits Program Administration to Increase Participation and Reduce Costs

State agencies can improve their public benefits programs by identifying and reducing “churn.” Churn occurs when a still-eligible public benefits recipient loses benefits for procedural reasons, and soon thereafter reapplies for the same benefits. Churn hurts public benefits recipients by interrupting their access to needed benefits and adding unnecessary administrative challenges. Just as significantly, it hurts public benefits agencies and state economies as a whole. The Center on Law and Social Policy recently estimated that churn from the Philadelphia County Assistance Office alone costs Pennsylvania almost \$9 million annually in needless administrative costs, and the Pennsylvania economy loses out on an estimated \$69 million each year due to lapsed SNAP benefits caused by churn. (See attached paper, *Churn Hurts Clients, DHS Caseloads, and Pennsylvania’s Economy.*)

While churn may occur due to agency or recipient error, it is just as likely to occur because of administrative requirements that recipients do not understand or cannot navigate, or that agency staff cannot handle efficiently. Streamlining requirements for public benefits programs, then, can reduce churn, preserving access to Pennsylvania’s safety net and saving taxpayers’ money. And moving toward more streamlined administration is consistent with federal trends under the Affordable Care Act and recent child care reauthorization.

Adopting the following recommendations would help Pennsylvania streamline public benefits programs to reduce churn on behalf of recipients and taxpayers.

Recommendation #1: Eliminate Unnecessary Verification Requirements

While no one wants benefits to be issued to ineligible individuals, agencies have thought critically in recent years about what proof of eligibility is really needed. Some eligibility factors are not needed or can be confirmed without either paper or electronic documentation. For example, the Affordable Care Act permits states to accept self-attestation of state residency, household composition, and other eligibility criteria for MAGI Medicaid, and requires states to accept self-attestation of pregnancy.¹ In the SNAP realm, the Food and Nutrition Service has given states significant discretion to eliminate verification of certain non-income eligibility criteria. Pennsylvania has eliminated its SNAP asset test and requires proof of shelter costs only if they are questionable.

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Pennsylvania has taken some important steps to eliminate verification of certain non-financial eligibility factors, but it could go further. For example, in the SNAP program, it could seek a waiver to allow self-attestation of medical expenses for individuals over age 60.

More importantly, Pennsylvania could ensure that Department of Human Services' (DHS's) County Assistance Office (CAO) staff are not "over verifying" eligibility factors that no longer matter or can be verified through self-attestation. For example, caseworkers routinely require third-party letters from family members that explain how public benefits applicants or recipients with zero income pay their bills ("management letters"), despite the absence of policy requiring them. Similarly, applicants and recipients frequently are denied or lose benefits for failure to submit proof that they lost jobs months ago ("termination letters"), even though DHS generally does not require those letters as a matter of policy. DHS should communicate its verification rules clearly and frequently to both CAO staff and their clients, and monitor CAOs more closely to ensure that they are following the rules.

Recommendation #2: Rely on Electronic Data Sources as Verification

Under state and federal rules, some verification of eligibility factors cannot be eliminated, but it can be captured through increased reliance on electronic data sources.

The Affordable Care Act and its implementing regulations have spurred a greater shift to electronic data sources. They require states to use electronic data whenever available to confirm MAGI Medicaid eligibility, to process applications immediately, and to renew coverage automatically.ⁱⁱ But Pennsylvania is far behind other states in using electronic data sources. A recent report from the Kaiser Family Foundation found that eleven states are processing more than 50 percent of their MAGI Medicaid applications in "real time," and nine of those states are processing more than 75 percent – but Pennsylvania processes less than 25 percent in real time.ⁱⁱⁱ Similarly, Pennsylvania renews coverage automatically based on electronic sources in less than 25 percent of its cases; at least 21 states are doing better than Pennsylvania at *ex parte* renewals.^{iv}

As a first step to improving its performance, DHS should ensure that CAOs are consistently using all available data sources. CAO staff has long had access to financial data from the Social Security Administration, the state's Unemployment Compensation system, and its child support program, but many of our organizations still see clients statewide who are required to submit paper proof of income from these sources.

Second, DHS should confer with other states that are using quarterly wage data more aggressively to confirm Medicaid eligibility and adopt best practices. When an applicant or recipient reporting no work is checked for income against the state's quarterly wage data, and the person does not have recent wage history, a report of "not found" is returned. In such cases, DHS should determine that a "not found" report allows it to draw reasonable inferences that the client has zero formal income, thus confirming income eligibility for Medicaid and expediting application or renewal processing.

Finally, and relatedly, DHS should clarify and promote its policy on instances when Medicaid applicants' or recipients' self-attestation of income and income shown through electronic data sources are "reasonably compatible," obviating the need for paper verification. In our experiences, the policy is not well understood by CAO staff and is inconsistently applied. Further revisions to and training on the policy would further diminish the need for applicants and recipients to turn in unnecessary paper verification.

Recommendation #3: Adopt a Range of Proven Innovations to Streamline Benefits Programs

In addition to eliminating verification requirements and relying on electronic data sources, these additional innovations would further reduce churn in Pennsylvania:

Streamline Electronic Application Processes – We applaud DHS's commitment to develop a mobile interface for COMPASS. In particular, mobile submission of documents will be a boon to applicants and recipients, and reduce the flood of paper in local CAOs. DHS should also revisit the desktop COMPASS interface. Applicants and recipients, along with COMPASS Community Partners, are clamoring for the ability to routinely and easily scan in necessary documents, and to complete semi-annual reports online. Moreover, COMPASS applications include many unnecessary or repetitive questions that could be removed or combined.

Promote Cross-Program Enrollment – We are pleased by DHS's decision to pursue "fast track" enrollment to enroll SNAP recipients and certain parents in Medicaid. We urge DHS to seek federal approval make fast track enrollment an ongoing program. DHS should also revise its renewal applications and semi-annual report forms to allow recipients to apply easily for additional benefits programs without initiating a separate application.

Provide SNAP Interviews on Demand – Our organizations understand that DHS is evaluating the feasibility of a statewide SNAP interview on-demand system. We are strong proponents of such a system, particularly when coupled with outgoing caseworker calls to reach as many SNAP applicants or recipients as possible, to diminish the unpredictability of a large volume of incoming calls.

Improve Client Notices and Other Communications – Well-written and formatted notices can help to ensure that clients understand what they must do to get or keep benefits. We are eager to review DHS's new notice templates and provide coordinated feedback on them.

Preserve Medicaid Eligibility for Recipients with Changes in Income – We support twelve-month continuous eligibility for children who experience changes in circumstances between renewals. In addition, DHS should stop requiring *all* Medicaid recipients to report changes in income that do not affect their eligibility. This requirement creates unnecessary work for CAO staff, particularly because staff must act on reported changes by reducing SNAP benefits, harming families and risking Quality Control errors.

Use the National Change of Address Database to Update Recipient Addresses – According to DHS data, in September 2015 almost 3,000 Medicaid cases and more than 1,000

SNAP cases closed due to returned mail. Pennsylvania should follow Illinois in updating addresses automatically using the U.S. Postal Service’s National Change of Address (NCoA) database. To prevent errors, problems with intercounty transfers, or cases of purposely “mismatched” addresses due to safety issues like domestic violence, the NCoA database could be used only in cases where: (1) the database’s reported old addresses match the addresses that DHS has on file and (2) the old and new addresses are in the same county.

Align SNAP and Medicaid Renewals – States have a number of strategies that they can rely upon to align and streamline renewal processes. Most promisingly, DHS can use data from SNAP semi-annual reports to conduct *ex parte* Medicaid renewals at the same time, eliminating the need for separate Medicaid renewals and ensuring continuous coverage.

Conclusion

DHS has identified laudable priorities for 2016, including increasing access to benefits and improving customer service. Addressing churn fits squarely within those priorities. DHS can take steps to reduce churn by streamlining public benefits programs, particularly by eliminating unnecessary verification and following national trends by relying more heavily on electronic verification when possible. DHS can also make its systems more user friendly at application, at renewal, and in the months in between.

ⁱ 42 C.F.R. § 435.935(a) (permitting self-attestation of some Medicaid eligibility criteria) & § 435.956 (outlining verification rules for non-financial eligibility criteria).

ⁱⁱ See 42 C.F.R. § 435.949(b) (“To the extent that information related to eligibility for Medicaid is available through the electronic service established by the Secretary, States must obtain the information through such service”); § 435.911(c)(1) (requiring applications to be processed “promptly and without undue delay”) ; § 435.916(a)(2) (“The agency must make a redetermination of eligibility without requiring information from the individual if able to do so based on reliable information contained in the individual's account or other more current information available to the agency, including but not limited to information accessed through any data bases accessed by the agency”).

ⁱⁱⁱ KAISER FAMILY FOUND., MEDICAID AND CHIP ELIGIBILITY, ENROLLMENT, RENEWAL, AND COST-SHARING POLICIES AS OF JANUARY 2016: FINDINGS FROM A 50-STATE SURVEY tbl. 6 (2016), available at <http://kff.org/report-section/medicaid-and-chip-eligibility-enrollment-renewal-and-cost-sharing-policies-as-of-january-2016-tables/>.

^{iv} *Id.* at tbl. 13.