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Background

The Texas Health and Human Services Commission (HHSC) administers the Texas Supplemental Nutrition Assistance Program (SNAP), one of the largest in the country, providing on average \$435 million dollars to 3.8 million recipients each month. In Texas, the most common SNAP household is headed by a female between the ages of 18 and 39, with 1 or 2 children under age 12. She has some form of income, and receives a monthly SNAP benefit of \$274. Over 8,000 staff across Texas determine eligibility for SNAP jointly with Medicaid, the Children's Health Insurance Program (CHIP), and Temporary Assistance for Needy Families (TANF) cash assistance using an integrated eligibility system. The Texas Workforce Commission administers the SNAP Employment and Training program.

The Texas population continues to grow at a rate that is faster than the national average. Over the past ten years, Texas, like the nation, has experienced growth in SNAP participation. In 2006, SNAP caseload in Texas was around 2.4 million while the current caseload is approximately 37 percent higher at 3.8 million. The state must work within existing resources to ensure capacity is available to handle future demands and to operate the program in a manner that ensures the highest level of program integrity. This requires the state to identify opportunities to identify and deter fraud, prevent cost inefficiencies, improve coordination of services, and implement process refinements where possible. To meet this growing demand for services, preserve limited resources, and maintain the program integrity within the system, Texas has pursued innovative solutions to increase client self-service options and to leverage third-party data sources to independently verify client-provided information needed to determine eligibility. Examples include the verification of income and employment data through Equifax workforce solutions (TALX, formerly the Work Number) and applicant identity through the Texas Department of Public Safety database. In addition the state is in the process of providing eligibility staff access to data on lottery winnings through the Texas Lottery Commission.

Increased utilization of self-service allows staff to focus on their core responsibility of verifying information provided and determining eligibility accurately. Texas has increased self-service options for applicants and existing clients by developing and promoting a website as well as a mobile app that launched in 2014. The mobile app allows clients to upload eligibility verification documents, receive case alerts, check the status of their case, and report changes. With over 65% of applications submitted online and over 1.2 million documents uploaded through the mobile app, clients have demonstrated their strong facility with these tools.

These tools have proven effective and have allowed the state to serve increasing caseloads without an increase in staff resources (See Figure 1 below). In 2009, only 58% of SNAP

applications were processed on time. Today, over 96% of applications are processed on time. Texas estimates the increased reliance on self-service and the website saved as much as \$41 million in reduced printing, postage, and document imaging costs for the state between 2012 and 2014. In addition, payments for call centers and document processing fell \$12.7 million between fiscal years 2012 and 2014 while monthly caseload increased by more than 600,000 during the same time period.

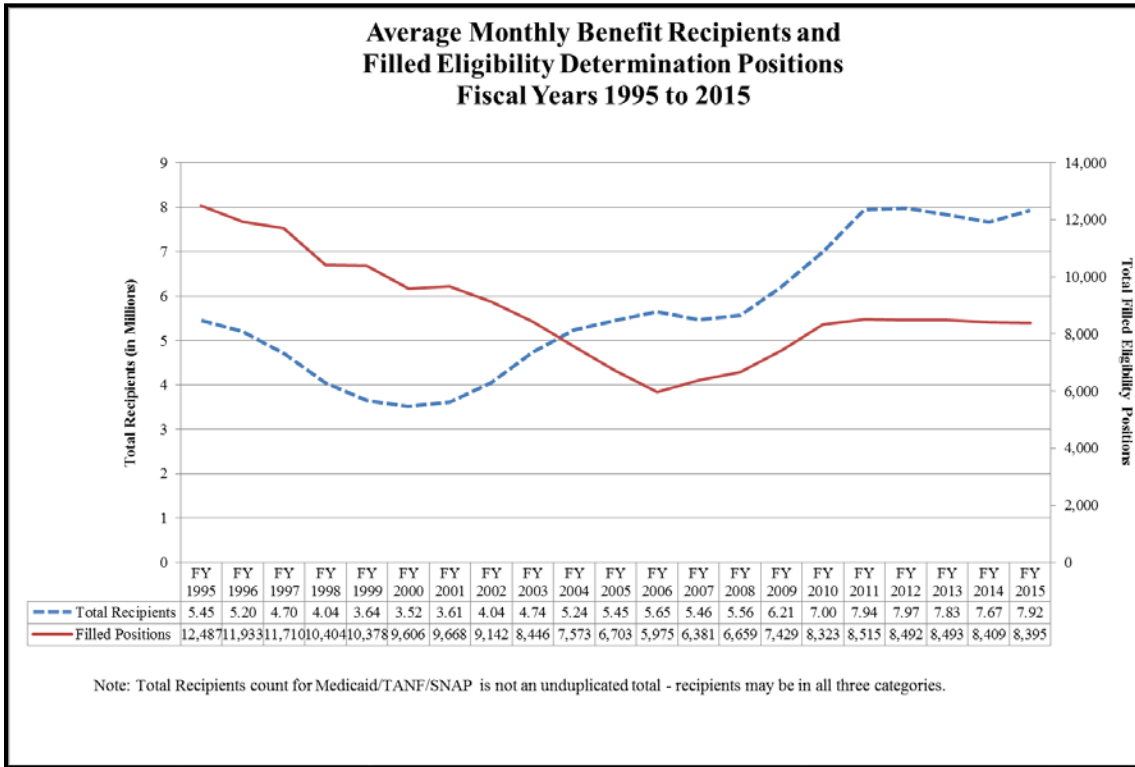


Figure 1: Average Monthly Benefit Recipients and Filled Eligibility Determination Positions, 1995 to 2015

As the state has shifted to increase the use of self-service, there has also been a shift in the reliance of technology to prevent and detect fraud. For example, Texas has implemented an identity verification process in the online application, but due to federal restrictions, the applicant has the option to not complete it. In addition, the state is implementing increased analytics to EBT card purchases, similar to the technology that credit card companies use to detect potentially fraudulent activity.

In addition, Texas has begun implementing a new business process statewide focused on freeing up capacity by eliminating duplicate or unnecessary actions that do not add value, and maintaining staff's ability to independently verify information provided on applications and to make accurate eligibility determinations as quickly as possible. The new process has reduced the number of days it takes the state to deliver eligibility determinations, overtime, mailing and printing volumes, and client calls.

How Does Texas Select Options for SNAP?

SNAP benefits are 100% federally funded, and as such many of the program requirements are standardized across the country. Since SNAP is interoperable and benefits are portable across state lines, there is a need to maintain some consistencies between states. States do have areas of discretion within the program as contained in federal statute and regulations. Outlined below is a description of the principles Texas applies in selecting options, some examples of options the state has selected, and areas where the state believes there are additional opportunities for flexibility.

When deciding which option works best in Texas, there is not one single determining factor. In general, Texas selects options by considering state leadership direction, program integrity, business process efficiencies, and its integrated eligibility system.

- State leadership is actively engaged in shaping and directing policies for the SNAP program and has shown interest in future policy changes to deter fraud such as photo identification on EBT cards and flexibilities such as SNAP purchase restrictions. The agency receives some direction regarding state options through legislation or through state appropriations decisions.
- Texas values accountability and integrity of its publicly-funded programs, and is selective in the SNAP options it adopts. Texas verifies most income sources and deductions in SNAP such as child support and medical expenses and maintains an assets limit that considers liquid assets as well as vehicle values. In 2013, Texas requested similar flexibility from the Centers for Medicare and Medicaid Services to maintain an assets test for the Medicaid program. This request was denied in 2014.
- In addition to maintaining program integrity, Texas is committed to efficient business processes that reduce unnecessary client interactions while ensuring accurate eligibility determinations and timely benefits for eligible individuals. In addition to opting to allow applicants to submit applications online, Texas has active waivers that allow on-demand and telephone interviews in lieu of scheduled face-to-face interviews. Texas also utilizes electronic correspondence, and does not require recertification interviews for households in which all adult members are elderly or disabled and have no earned income since these are low-risk cases. Having this flexibility allows the state to focus resources on preventing and detecting potential fraud.
- Texas also considers the availability of resources required to implement additional state options or waivers, in relation to the expected gains that will result from the change. Limited resources - both staff and funding - require the state to prioritize federal- or state-directed changes and projects that will produce the most impact for the multiple programs maintained within its integrated eligibility system. In recent years, a focus on implementation of major

federal policy changes has reduced the state's capacity to initiate optional system changes for other programs. As a result, automation changes are carefully considered to ensure they are cost-effective, maintain program integrity, and preserve flexibility for future changes. Texas has also sought to align eligibility policies across the programs when allowable. For example, Texas has opted to align policies such as income, resources, and treatment of vehicles to mirror the cash assistance program, TANF.

Additional Opportunities for State Flexibility

Although states have some flexibility in administration of SNAP, there are opportunities beyond the current available options for states to improve program integrity and leverage technology to gain efficiencies.

- Federal statute and regulations require SNAP agencies to accept applications with only a name, address and signature whether submitted via an online process or paper process (in person, mail, or fax). This prevents states from requiring additional information needed to validate applications submitted online in order to confirm identity and to eliminate fraudulent activity. It can also result in incomplete information required to process applications and lead to additional client interactions, longer eligibility processing timeframes, and costs to the state. As more business moves online and less face-to-face interaction with clients is necessary, administrators must seek new ways to prevent and detect fraud. Texas recommends allowing flexibility for states to require additional information in order to accurately authenticate online applicants, reduce fraud, and protect confidential information. 7 USC §2020(e)(2)(B)(iv). (7 CFR §273.2(c)(1).
- Federal regulations require states to interview SNAP recipients at initial certification and at least once every 12 months at recertification. Though states may opt to perform a phone interview in lieu of face-to-face, the submission of information online or through automated phone response systems is not considered to meet the interview requirement. FNS recently allowed Oregon and Utah to conduct demonstrations in which the eligibility interviews at application and recertification were eliminated. A study of the demonstration project concluded that eliminating the interview may reduce error rates and decrease program churn. Texas recommends allowing states additional flexibility in determining when an interview is required. This would allow states to use analytics to identify high risk cases and target staff resources to focus on cases where fraud may be more likely to occur. Additional flexibility would allow states the ability to deter fraud at the front end, interview high risk cases, utilize technology to capture the same information that would be captured in an interview, and to better utilize staff time independently verifying information to make accurate eligibility determinations. 7 CFR 273.2(e)(1).

- Federal regulations require states to expunge SNAP benefits from accounts that have not been accessed after one year. However, some households still develop high SNAP balances, which are allowed under program rules. This weakens program integrity by creating the perception that these households do not need or are not appropriately using their SNAP benefits. FNS has begun to address this issue by directing states to conduct verification checks on accounts with balances of \$5,000 or more. In 2014, HHSC proposed additional actions to address high SNAP balances and further strengthen program integrity. HHSC requested and was denied a waiver to expunge SNAP benefits from active accounts that have been available for at least 12 months. This waiver would have allowed the state to expunge an additional 25,700 cases per month totaling approximately \$254,000 in value, on top of the current average of about 42,000 cases totaling approximately \$2.3 million each month. Texas recommends allowing states this flexibility to strengthen program integrity and ensure appropriate use of public funds. 7 CFR §274.2(h)(2).