



Privatization and contract oversight in Human Services agencies continue to fail

Privatization in Human Service agencies continues to fail and cost taxpayers millions of dollars every year. The disastrous attempt to privatize eligibility determination from 2003–2007 caused massive disruptions in client services and cost Texas \$543 million.

Currently, private contractors perform support for eligibility work and administer other HHS programs. These contractors consistently fail to provide a level of service comparable to state agency standards. As a result, work is duplicated, clients experience more delays and barriers to accessing services, and only the state workers are held accountable.

Examples of privatization boondoggles and contract oversight failures

- It was recently discovered that a little-known company by the name of 21CT was selected by HHSC to receive a \$20 million no bid contract. They were also set to receive another \$90 million for an extension of that contract, but HHSC canceled that extension after it was discovered that agency leaders had unethical and possibly illegal behind the scenes dealings with the contractor.
- In the summer of 2014, Texas moved to sue Xerox Corporation after discovering it was the document management company's lax oversight which allowed fraudulent dental and orthodontic Medicaid claims to be processed. Xerox had a 10-year contract with HHSC as its Medicaid claim processor. After the allegations came to light, the contract was canceled and the work given to another contractor, Accenture.
- During the 2013 Legislature, Senate Bill 7 mandated sweeping changes to the way Medicaid services are delivered, giving responsibility for coordinating services for nearly all Medicaid clients to private Managed Care Organizations (MCOs). As a result of these changes, the crisis of providers refusing to accept Medicaid would be accelerated. Medicaid recipients already have trouble finding specialists.
- In December of 2014, it was discovered that HHSC officials had spent at least \$72.5 million on a AT&T privatization contract between August 2008 and June 2014. The initial estimate of this service was for \$1 million in 2007.
- Privatized call center increases error rates: Currently, when Texans call 211 to apply for benefits or to report changes in their household, these calls are handled by call centers operated by Maximus. According to the January 2013 HHSC timeliness report, these applicants/clients experience more delays in getting their application/case processed than Texans whose cases were handled by their local office.
- Privatized Human Resources has been prone to error: AccessHR/CAPPS has caused confusion, delays in compensation, vacation and comp time errors, and errors in leave time and pay. It is also harder for frontline employees without computer access to interface with their benefits.

TSEU ASKS THAT YOU:

Support HB 881 to improve contracting oversight.

Oppose further attempts to contract out state services and programs.