



STATE OF HAWAII
STATE COUNCIL
ON DEVELOPMENTAL DISABILITIES
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HONOLULU, HAWAII 96814
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April 1, 2010

The Honorable John M. Mizuno, Chair
House Committee on Human Services
and

The Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services
Twenty-Fifth Legislature
State Capitol
State of Hawaii
Honolulu, Hawaii 96813

Dear Representative Mizuno and Senator Chun Oakland and Members of the
Committees:

**SUBJECT: Informational Briefing on the Department of Human Services' (DHS)
Actions to Eliminate 228 DHS Employees from the Benefit, Employment and Support
Services Division, Med-Quest Division, and Other Functions of the Department Without
Meaningful Consultation with the Affected Employees and/or Their Union
Representatives**

The position and views expressed in this testimony do not represent nor reflect
the position and views of the Department of Health (DOH) or Department of Human
Services (DHS).

The State Council on Developmental Disabilities (DD) is very concerned about
DHS's proposed reorganization of the Benefits, Employment, Support Services and
Med-Quest Divisions into the Electronic Processing and Operations Division (EPOD).

The proposed reorganization would create EPOD to save money and streamline
operations for eligibility. We are greatly concerned that rather than save money and
streamline operations, the result would be more costly to the State, and create chaos
and mass confusion for recipients. People with DD will be directly impacted by this
proposed reorganization. Due to their disability (intellectual and/or physical), they may
not be able to use a computer or fax machine, or have access to the equipment. And if
they do have a computer, their limited resources may not allow them to afford and
access internet services to get online to complete an application and/or provide updated
information to assure they maintain their eligibility status for continued benefits and
services.

The Honorable John M. Mizuno
The Honorable Suzanne Chun Oakland
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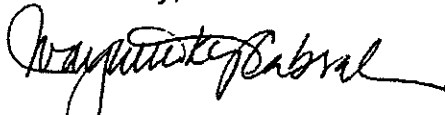
Individuals with DD who are currently served by DOH, DD Division may not be directly affected as they may be assisted by their case manager. The greatest impact may be for those individuals who are not served in the DD Division system and are not known to the Division. They may not know to contact DD Division directly for DD services. However, they may contact the EPOD phone or website by computer to apply for Medicaid benefits. Although individuals will be able to go to the designated EPOD office for assistance, with only two offices in Hilo and Honolulu, one can imagine the long lines and waiting period.

The Council echoes many of the concerns already conveyed by recipients, employees, and other advocates to your Committees during previous informational meetings. Rhodora Rojas attended a meeting on Kauai in February regarding the proposed EPOD. With her permission, this is how she summed up the proposed EPOD, "Aren't you called the Department of Human Services, not the Department of Computer Services? These people need the HUMAN SERVICES to assist them in the step-by-step process to do the application process. It is so frustrating for people who doesn't have any kind of disabilities to go through the process of hearing the press 1 to be connected to this and press this if you want to speak to this, so how much more frustrating for people who are hard of hearing or who are blind to encounter these issues."

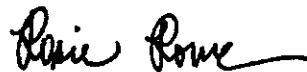
The Council emphasizes that a policy change of this complexity and magnitude should be carefully evaluated before implementation and involves the affected parties that include recipients of services, as well as DHS employees from the Benefits, Employment, Support Services Division, Social Services Division, and Med-Quest Divisions.

Thank you for the opportunity to submit comments on the proposed EPOD.

Sincerely,



Waynette K.Y. Cabral
Executive Administrator



Rosie Rowe
Chair

From: Janet Farley [mailto:jfarley@hawaii.edu]
Sent: Tuesday, March 30, 2010 7:45 AM
To: HUSTestimony
Subject: Are the families effected being considered and thought of...?
Importance: High

March 30, 2010

COMMITTEE ON HUMAN SERVICES (House of Representatives)

Rep. John M. Mizuno, Chair

Rep. Tom Brower, Vice Chair Rep. Della Au Belatti Rep. Maile S.L. Shimabukuro Rep. Joe Bertram, III Rep. Ryan I. Yamane Rep. Mele Carroll Rep. Gene Ward Rep. Scott Y. Nishimoto

COMMITTEE ON HUMAN SERVICES

Senator Suzanne Chun Oakland, Chair

Senator Les Ihara, Jr., Vice Chair, Sen. Josh Green, M.D. Sen. Fred Hemmings

Aloha All:

The decision to make further cuts in the personnel from Department of Human Services is creating potentially disastrous effects for the citizens of this state. The elimination of positions pushes the department to move employees with the most employment seniority with DHS into positions they know nothing about nor have the education and background to perform effectively.

The need to do this earlier in the year is currently creating chaos in Child Welfare Services. The services that CWS provides has been seriously effected. I am a Masters in Social Work student and recipient of the Hawaii Child Welfare Education Collaboration scholarship. My practicum is in the Family Court and with the Ho'olokahi Program. There, I introduce parents coming to court for the first time to proceedings they will be part of, as well as, explain the role of their public defender and how they will be assisted by their attorney. In this position, I learn first hand just how families are significantly impacted by the upheaval in DHS. Many of the parents I meet with have had more than two workers handling their case. The parents have no contact with CWS because they do not know who the new worker is on their case. Some have gone weeks with no contact with the social worker or their children. The situation may be unavoidable but it is, none the less, deplorable.

In the interest of families in Hawaii that are going through very difficult times, please consider carefully your next action. The long term effects: parent's lengthy separation from their children, children getting lost in the system and cases not coming to court in a timely manner will cause very expensive problems for the state in the future. Haven't we gone through this before with devastating effects? I ask you to be mindful of cuts in services because the fallout will come back to haunt us all.

Respectfully submitted by:

Janet Wood Farley

Student, Tax Payer, Homeowner, Mother, Future Social Worker and Voter

From: Erica Rainhart [mailto:erica@hawaiiantel.net]
Sent: Wednesday, March 31, 2010 11:58 AM
To: HUSTestimony
Subject: protect disabled

Aloha Mr. Mizuno,

Please can you help protect innocent people from the incalculably dangerous social debacle of the inappropriate loss of Department of Human Service(s)!!!!

I am Punahou grad at age 54 disabled by M.S.. who found today, because of one missing form, without a social worker in the office,
(was almost) denied benefits I require to survive this coming year.

Certainty faces the dangerous compromise of submitting to prevailing forces eliminating valuable services of 228 individuals, who's attention protects hundreds & hundreds more residents of Hawaii!

REALISTIC CONSIDERATION is required pending civilly irresponsible exclusionary attitude of unkindness! (1. A sudden, disastrous collapse, downfall, or defeat; a rout.
2. A total, often ludicrous failure.)

Will the spirit of aloha allow/permit/accept, predictable danger to Hawaii's community of humanity be unprotected?!

Is civil petition advised ?

Mahalo,
Erica Rainhart
Kapaa

From: KLutao@dhs.hawaii.gov [mailto:KLutao@dhs.hawaii.gov]
Sent: Wednesday, March 31, 2010 1:51 PM
To: brower1-Traci
Subject: RE: Support HB148

Yes, this is for the 10:20am briefing.

brower1-Traci <brower1@capitol.hawaii.gov>
03/31/2010 01:21 PM
To: 'KLutao@dhs.hawaii.gov'" KLutao@dhs.hawaii.gov
Subject: RE: Support HB148

Thank you for your testimony.

HB148's subject matter is: PROPOSING AN AMENDMENT TO THE HAWAII CONSTITUTION RELATING TO EDUCATION.

Is your testimony for tomorrow's Joint House & Senate Human Services Committees' Informational Briefing at 10:20 a.m.?

Thank you,
Traci

Traci Toguchi
Committee Clerk, Human Services Committee
Rep. Tom Brower's Office
Hawaii State Capitol, Room 315
Honolulu, HI 96813
(808) 586-8574 Direct
(808) 586-8524 Fax

From: KLutao@dhs.hawaii.gov [mailto:KLutao@dhs.hawaii.gov]
Sent: Wednesday, March 31, 2010 12:49 PM
To: HUSTestimony; Sen. Suzanne Chun Oakland; Rep. Tom Brower; Rep. John Mizuno; Rep. Gene Ward
Subject: Support HB148
Importance: High

Supporting, HB148

As an employee in the Kapolei-Quest office & dealing directly with Nursing Home, Adult Foster Home & Foster children clients for Medicaid Long-Term eligibility. This implementation of layoff to occur eff. 6/30/10 will negatively impact our clients in this population. Several concerns I would like to address which I have not received any response from our Department.

1) Layoffs are eff. 6/30/10 but the EPOD will not be operational until 10/2010. How will our clients be handled during the 3 months there are no EW's to assist & no

office to walk-in to, nobody to call? What do we tell our Nursing Facilities, Hospital staff, Case Managers who require assistance daily.

2) Our community agencies who are supposed to be picking up the slack of this reorg. can not & will not be able to handle the amount of people that our offices

see on a daily basis. Our Dillingham branch receives approx. 100+ clients on any given day. Our KMU office sees approx. 25 each day.

3) We have 8 EW staff in our Kapolei office, 6 have received layoff for termination, 2 no notices but unknown where they will be located, or housed, or what job

tasks they will have to endure. 1 secretary is transferred to the Hilo EPOD. We have no clerks at this office due to the 1st layoff last year.

4) Our layoff notices stated that this EPOD reorg. was approved on 3/26/10 which is allowing the Dpt. to move forward. Should this EPOD be delayed due to

HB148, what will the Dpt. do when there is no staffing beginning 7/1/10. Therefore, this bill needs to also halt the layoff that has already been started.

5) Our Dillingham office receives approx. 10,000 applications per month & our Kapolei office receives approx. 100 per month. This layoff will negatively affect

our clients who will not have offices or access to get services.

6) We have been told that procedures & processes are completed, but we have not received any information. Our MQD does not have any training staff as they

were layoff last year.

From: Janice Shitanaka [mailto:jshitanaka@hotmail.com]
Sent: Wednesday, March 31, 2010 1:48 PM
To: HUS testimony
Subject: testimony for HUS-HMS _ 04-01-10

Dear Legislators:

I have received my letter of termination signed by Director Koller on March 29, 2010 stating the abolishment of my position on Kauai BESSD office on 06/30/10 cob. I am in opposition to the proposed departmental reorganization by Director to close the Income Maintenance Units & Med-quest offices for Kauai & Maui and against implementation of the EPOD within a unrealistic 3 month time frame as there is no evidence to suggest that an operational plan is in place to ensure that clients receive proper services during the transition of closing of the offices and implementation of the EPOD. BESSD staff are still kept in the dark about DIR's plans which I understand that she is fully intent on proceeding. I know that there will masses of clients' who will have difficulties in communication process with the EPOD via phone &/or computer or lack the proper equipment or lack computer knowledge in order to receive & maintain their needs for public assistance.

Thank you so much for your time to consider my concerns.

Janice Shitanaka
#808-651-9541

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

April 1, 2010

MEMORANDUM

TO: Honorable John M. Mizuno, Chair
House Committee on Human Services

Honorable Suzanne Chun Oakland, Chair
Senate Committee on Human Services

FROM: Lillian B. Koller, Director

SUBJECT: **INFORMATIONAL BRIEFING – DEPARTMENT OF HUMAN SERVICES REORGANIZATION**

Hearing: Thursday, April 1, 2010; 10:20 – 11:45 a.m.
Conference Room 329, State Capitol

The purpose of the informational briefing is to address recent concerns about the reorganization of the Department of Human Services (DHS) to establish the Eligibility Processing Operations Division (EPOD).

DHS strongly disagrees with the contention in the description of this briefing that the Department undertook these necessary actions "without meaningful consultation with the affected employees and/or their union representatives."

As you will see in the attached March 25 letter to the Hawaii Government Employees Association (HGEA), DHS has attempted to engage in meaningful consultation with union leaders since January 2010, and continues to welcome

HGEA's constructive input during the weeks and months ahead on how we can best carry out this vital and timely initiative.

However, it is clear that HGEA does not want to provide constructive input on the EPOD proposal, but rather seems intent on doing all it can to maintain the unacceptable status quo by stopping the EPOD initiative. This obstructionist strategy by HGEA leaders includes a statewide "anti-EPOD" campaign designed to confuse and frighten DHS staff and their families, advocates for the needy and especially the vulnerable customers we serve.

DHS employees, by contrast, are providing constructive input about our EPOD initiative that we are incorporating into the transition planning. This includes a suggested phased-in transition where we begin using EPOD processes with a limited number of eligibility units to fine-tune the system.

It was also suggested by staff that we make DVDs available on the Internet or at DHS offices that explain our eligibility application processes, client rights and responsibilities and how to access information, as well as provide frequently asked questions and answers for our customers. These client educational tools suggested by staff are currently being developed and will be refined on an on-going basis as part of the EPOD modernization strategies to improve timely customer access to DHS benefits.

As we have repeatedly emphasized to HGEA and Legislators, there is an urgent need to proceed as quickly as possible with EPOD. The needs of our customers are great and we cannot fail in our obligation to provide them with health care, food and other necessities in an efficient and timely manner.

Moreover, with State government facing an unprecedented budget shortfall – as underscored by the Council on Revenues at its latest meeting – DHS cannot

afford to maintain an antiquated eligibility processing system that is labor-intensive, prone to error, inefficient, costly and slow.

Instead, we must bring eligibility processing into the 21st century by moving ahead with the EPOD initiative, which will significantly improve customer service while saving taxpayers at least \$8 million per year.

EPOD will modernize and streamline the processing of applications and renewals for public assistance benefits, including welfare, Medicaid and the Supplemental Assistance Nutrition Program (SNAP), formerly known as food stamps, and is part of a continuing effort to improve the efficiency of state services and better serve our clients.

DHS is experiencing a sharp rise in applications for and enrollment in our public assistance programs due to the economic downturn. By upgrading to a more efficient and accessible processing system through EPOD, customers will receive benefits faster and more conveniently.

Customers will have more options – not fewer – when applying for benefits. Soon they will have the added options of applying by phone and online, which will greatly improve convenience and efficiency.

They will still be able to apply by mail, fax or in-person at community-based social service agencies, hospitals, health clinics and remaining DHS offices on every Island. And face-to-face interviews will still be available, as needed, by webcam.

Our plan is in keeping with successful initiatives in other states. EPOD is also in keeping with guidance from the federal government, which encourages states to deliver benefits as quickly and efficiently as possible through the use of modern technology.

Our old system has held us back for too long. For instance, we should have already increased income eligibility for SNAP benefits to the maximum allowed by the federal government. That would have put food on the table for many more families and individuals, while bringing in millions of extra federal dollars to stimulate our economy. According to the U.S. Department of Agriculture, which funds SNAP benefits, every \$5 in new benefits generates \$9.20 in total economic activity.

But increasing eligibility for nutrition benefits meant DHS would need more eligibility staff to handle the added workload, and State money was not available for this purpose.

With the improved workflow of EPOD, however, we will be able to increase eligibility for SNAP later this year to the maximum allowed by the USDA.

It is interesting to note that DHS began doing SNAP application interviews by phone four months ago, and this is already helping reduce backlogs – despite the loss of employees in last year's RIF.

The EPOD modernization initiative is in keeping with nationally known “best practices” – such as online applications, webcams and call centers – that the federal government encourages states to adopt. These methods improve access to benefits and do not lead to increases in client fraud, which the federal government points out is a “common myth.”

According to federal officials, many people do not want to apply for benefits in person because it is difficult to take time off work or arrange child care or elder care, or they have physical disabilities or transportation challenges.

By updating and streamlining the processing system, we will be able to deliver benefits to needy families and individuals faster, more conveniently and with fewer errors.

Because of the efficiencies that result from modern processing methods, DHS will not need its current large staff to handle the workload. Accordingly, DHS plans to reduce its workforce by 228 employees and close 31 eligibility offices statewide.

EPOD will operate out of two processing centers – one in Honolulu and one in Hilo.

These processing centers will be in full operation by October 1, 2010.

In summary, EPOD will significantly improve customer service for the most vulnerable children and adults in Hawai'i, while saving State taxpayers an estimated \$8 million a year.

Thank you for the opportunity to provide comments for this informational briefing.

LINDA LINGLE
GOVERNOR



LILLIAN B. KOLLER, ESQ.
DIRECTOR

HENRY OLIVA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

P. O. Box 339
Honolulu, Hawaii 96809-0339

March 25, 2010

Sanford Chun
Field Services Officer
Hawaii Government Employees Association
888 Millilani Street, Suite 601
Honolulu, Hawaii 96813-2991

Hand-Delivered

**Subject: Notice of Intention to Proceed; Urgency of Moving Forward
with EPOD Reorganization and Reduction-In-Force**

Dear Mr. Chun:

I was very disappointed to receive your latest letter on March 22, 2010, regarding the Department of Human Services (DHS) plan to create an Eligibility Processing Operations Division (EPOD) with facilities in Honolulu and Hilo. As you know, this initiative will involve a DHS reorganization and concurrent Reduction-In-Force (RIF).

It is clear from your latest repetitious questions that the Hawaii Government Employees Association (HGEA) does not want to engage in constructive consultation at this time about how DHS can best implement the EPOD plan. Rather, HGEA seems intent on doing all it can to maintain the unacceptable status quo by stopping the EPOD initiative.

Your obstructionist strategy became obvious when union leaders cancelled a February 9 consultation with DHS – supposedly because HGEA was “not ready to meet yet” – then used a February 8 legislative briefing to publicly discuss our plan and mislead lawmakers and the public by wildly exaggerating the numbers of office closures and employee lay-offs related to the EPOD reorganization and RIF.

Instead of providing constructive feedback, HGEA is waging a statewide “anti-EPOD” campaign designed to confuse and frighten DHS staff and their families, advocates for the needy and especially the vulnerable customers we serve.

As I detail below, there is an urgent need to proceed as quickly as possible with the EPOD initiative. The needs of our customers are great and we cannot fail in our obligation to provide them with health care, food and other necessities in an efficient and timely manner.

Sanford Chun, HGEA Field Services Officer
March 25, 2010
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Moreover, with State government facing an unprecedented budget shortfall – as underscored by the Council on Revenues at its latest meeting – DHS cannot afford to maintain an antiquated eligibility processing system that is labor-intensive, prone to error, inefficient, costly and slow.

Instead, we must bring eligibility processing into the 21st century by moving ahead with the EPOD initiative, which will significantly improve customer service while saving taxpayers at least \$8 million per year, including approximately \$1.7 million in eliminated commercial office space and related costs.

Accordingly, DHS plans to fully implement the EPOD plan no later than October 1, 2010. We welcome HGEA's constructive input during the weeks and months ahead on how DHS can best carry out this vital and timely initiative.

To date, two months after we initiated consultation, DHS has received from HGEA only the following items: 10 questions in your February 18 letter, 10 questions in your March 1 letter and 18 questions in your March 22 letter. In this March 25 letter and our prior letters, DHS has answered all of your questions, many of which were repetitious.

In addition, DHS has provided a great deal of unsolicited information to HGEA about what we are proposing to do, far in excess of what HGEA has asked to receive. This additional information includes, but is not limited to:

- Two DHS letters dated January 29 and delivered to HGEA the same day, describing in great detail our proposed EPOD reorganization and proposed RIF selection criteria, our proposed workflow changes, our reasons and research supporting the cost-effectiveness of consolidating eligibility functions as we have proposed to do, the superior outcomes that will result for both customers and government staff, compared to the slow, labor-intensive and more costly method of eligibility processing that DHS has been using for years;
- DHS letter dated February 23, responding to HGEA's first 10 questions in its letter dated February 18 (delivered February 19);
- DHS PowerPoint presentation materials provided to you, Legislators, DHS staff and others attending the Senate Human Services Committee public informational briefing on February 23 that DHS requested to describe our EPOD reorganization and RIF proposals;
- DHS revised reorganization charts dated February 26, identifying the position numbers of all positions proposed by DHS to be retained in the two EPOD processing centers in Honolulu and Hilo, showing the results of applying the RIF selection criteria proposed by DHS (about which DHS has remained open to receive input from HGEA during this consultation but, to date, has received none);

- DHS proposed RIF list dated February 26, identifying the affected positions numbers, incumbent names, position titles and locations, again, showing the results of applying the RIF selection criteria proposed by DHS (about which DHS has remained open to receive input from HGEA during this consultation but, to date, has received none);
- DHS letter dated March 5, responding to HGEA's second 10 questions in its letters dated March 1, some of HGEA's questions repeating or similar to those asked in HGEA's letter dated February 18 (delivered February 19); and
- DHS chart provided on February 26, showing the proposed span of control (supervisor-to-worker ratios), identifying the numbers and types of workers in each of the proposed two EPOD processing centers in Honolulu and Hilo.
- DHS letter hand-delivered on March 25 responding to the 18 questions in HGEA's March 22 letter.

More than a month after DHS first requested to discuss the EPOD concept in mid-January, HGEA finally agreed to meet with us on February 26. At this consultation meeting, which I personally attended with key staff from DHS and the Department of Human Resources Development (DHRD), we had the opportunity to receive some input from you and HGEA Deputy Executive Director Nora Nomura.

Unfortunately, the input we received from you and Ms. Nomura at our February 26 consultation meeting was not constructive. The input, such as it was, failed to communicate anything about what alternatives HGEA would prefer us to consider in lieu of our proposed RIF selection criteria. Nor did we receive any suggestions on how to mitigate the impacts from our EPOD and RIF proposals.

We did not even receive any suggested improvements to consider incorporating into the proposed EPOD processing centers, relating to our proposed supervisory span of control, new locations, changes in workflow, nor any other feedback on the extensive information that we provided to HGEA about what we propose to do.

Instead, we heard comments such as the following, conveyed with passionate contempt by you and Ms. Nomura for what we are proposing to do:

"We think it's crazy!"

"We disagree with what's being done! No one we've talked to says this is better for workers and the State."

"If you involved people, you may have found another way to do it!"

"Do you care about your employees? Do you care about what they think and feel? Employees and the public have deep concerns. It doesn't seem that you care!"

Sanford Chun, HGEA Field Services Officer
March 25, 2010
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Instead of engaging in meaningful consultation, HGEA is obstinately insisting on one thing and one thing only – the EPOD reorganization and RIF must be stopped or indefinitely delayed.

To achieve this end, HGEA has waged a widespread, public “anti-EPOD” campaign on all Islands. This campaign exploits the fear of DHS staff who may be laid-off, and deliberately scares clients and communities with unfounded charges that EPOD will reduce consumer access to public benefits and increase the incidence of client fraud.

DHS respectfully submits that such actions do not constitute meaningful consultation by HGEA. In fact, it is the opposite. It is a refusal to consult.

DHS respectfully submits that permitting ourselves to be publicly and privately chastised, berated and insulted by HGEA, and by others whom HGEA has inflamed, is not what DHS must do before proceeding with our proposed EPOD and RIF. These are measures that we believe will serve our customers, staff and taxpayers better than the eligibility processing system we have now.

HGEA’s public remarks have blamed all our eligibility woes on the last RIF initiated in August 2009 and the on-going furloughs initiated for HGEA members in October 2009.

However, at our Med-QUEST Division (MQD), for instance, we only lost 11 eligibility workers in last year’s RIF. And just one of those laid-off employees was an Eligibility Worker III, which is the only level of eligibility worker permitted by class specification to carry a caseload independently and perform “the full-range of eligibility determination work for a variety of public assistance programs including food stamps, medical assistance and financial assistance.”

Surely, if the loss of just one, full-range eligibility worker can crash the productivity of our medical assistance applications and renewal processing, our current eligibility processing system is, indeed, perilously fragile and must be reformed immediately.

Also, in our Benefit, Employment and Support Services Division (BESSD), we managed to improve service by expanding the number of hours per week that customers can meet with eligibility workers. We made this improvement despite the RIF and two furlough days per month.

In lieu of providing appropriate input to DHS, HGEA’s actions, to date, are entirely devoted to creating sufficient political pressure on this Administration to stop the EPOD altogether or delay its implementation until after this Administration leaves office in December.

The EPOD proposal to modernize the way DHS performs eligibility functions is urgently needed to better serve our customers, the most vulnerable men, women and children in Hawaii.

Sanford Chun, HGEA Field Services Officer
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These customers have been denied timely access to vital public assistance benefits due to DHS backlogs exacerbated by recent surges in applications and enrollment, which our old-fashioned processing methods simply cannot manage effectively and efficiently.

As we have known for a long time, the current DHS system of processing benefit applications is antiquated, highly inefficient, labor-intensive, prone to errors and slow.

At MQD, for instance, with the many incremental efforts undertaken in recent years to improve efficiency, we saw only a 12.3 percent increase in efficiency in 2009 compared to 2008. This, however, was not sufficient to address our backlog of processing new applications and ongoing renewals, along with the current increase in volume of applications.

To address the current volume and backlog of tasks at MQD, an aggressive systemic change in workflow procedures as proposed in the EPOD is required.

Similarly, at BESSD, we have also struggled for many years to deliver nutrition assistance cash benefits in a timely manner. This situation is particularly serious, and growing worse statewide – especially on Maui.

The federal standard is that 95 percent of all nutrition benefit applications statewide should be timely processed. Maui's performance, hovering in the mid-80 percent range from October 2007 to September 2008, began dropping precipitously well before the August 2009 RIF. Maui dropped in timeliness to 74 percent in October 2008, to 71 percent in November 2008, to 64 percent in December 2008, to 56 percent in January 2009, and to 49 percent in February 2009.

Now our statewide timeliness level, as of January 2010, is just 80 percent, meaning Hawaii is on the verge of being financially penalized by the federal government for not delivering benefits on time.

Here are more examples of the exigencies that are compelling DHS to move forward with our EPOD and RIF proposals as quickly as possible.

Without the proposed EPOD modernization, more of Hawaii's people will go hungry.

No one should go hungry in Hawaii – especially when so much assistance is available. The sad truth, however, is that people *are* going hungry, and State government is not doing all it can to help.

At DHS, we administer the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps.

SNAP benefits are entirely paid for with federal funds, and administrative costs are shared equally by DHS and the U.S. Department of Agriculture (USDA).

Sanford Chun, HGEA Field Services Officer
March 25, 2010
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In Hawaii, we've won federal bonuses for accuracy in the past and, more recently, for improved outreach expansion. According to the latest USDA statistics, 71 percent of Hawaii residents who are eligible for SNAP are enrolled in the program. But that puts us at No. 18 in the nation which we must work harder to improve.

Where we lag even further behind many states, however, is in timeliness – the speed with which we process applications and renewals. Ideally, states should have a timeliness rate of 95 percent or better, but, as I said previously, we are significantly below that mark – especially on Maui.

DHS could do more for needy residents by raising the income eligibility limit for SNAP from 185 to 200 percent of the Federal Poverty Level, the maximum USDA allows.

We plan to expand eligibility by this summer, which will feed more people and bring in extra federal dollars to strengthen our economy. According to USDA, every \$5 in new SNAP benefits generates \$9.20 in total economic activity.

That is good news, but DHS should have expanded eligibility much sooner. Why didn't we? Our current method of processing applications is labor-intensive, inefficient and slow, and we lack funds for hiring more State workers to prop up this outdated system.

Fortunately, solutions are available from the USDA, which shares "best practices" from other states. Much of this advice is contained in the SNAP 2010 Program Access Toolkit at: www.fns.usda.gov/FSP/government/pdf/2010-toolkit.pdf .

DHS wants to implement many of these strategies by creating EPOD, which would streamline approvals for SNAP, Medicaid and other public benefits statewide.

With EPOD, customers could apply online or by phone, which would improve service and generate cost savings, or they could still apply the old-fashioned way – in-person or by mail or fax.

The USDA points out that New Mexico streamlined benefits processing when staffing levels were low and caseloads and error rates were rising.

By creating teams charged with tasks such as working the phone banks – and doing away with the old system of eligibility workers managing individual cases (as DHS has been doing for years) – New Mexico reduced the average wait time for benefits from 20 days to just 6.2 days.

USDA also dispels a "common myth" that phone interviews increase fraud. The fact is, states that implement phone interviews "have not reported an impact on error rates," according to the USDA's published SNAP toolkit.

Federal officials also encourage online applications so customers can access benefits via their home computers or by using public computers at local libraries and other locations.

Online applications improve access for those "who cannot easily get to a local office," such as working households, people with disabilities and people who have transportation problems, the USDA notes.

Hawaii is far behind other states in streamlining benefits processing. Implementing our EPOD proposal, however, would be a huge step in the right direction.

Without the proposed EPOD modernization, more of Hawaii's people will suffer long waits to get SNAP and other public assistance benefits.

- The backlog of overdue SNAP applications – exceeding the 30-day deadline for timely eligibility determinations – worsened statewide by 88 percent, comparing Federal Fiscal Year (FFY) 2008 (October 1, 2007 - September 30, 2008) to FFY 2009 (October 1, 2008 – September 30, 2009).
- Maui's eligibility untimeliness was, most disturbingly of all, worsening by 268 percent, with a backlog of 3,028 overdue applications in FFY 2009, compared to a backlog of 823 overdue applications the year before.
- Kauai also performed poorly, worsening eligibility untimeliness by 188 percent, with a backlog of 438 overdue applications in FFY 2009, compared to 152 overdue applications the year before.
- While Oahu's eligibility untimeliness worsened by only 27 percent, Oahu's applications continued a significant backlog of 3,128 overdue applications in FFY 2009, compared to 2,456 overdue applications in FFY 2008.
- It is important to note that these backlogs pre-dated the last RIF initiated on August 4, 2009, which did not result in any lay-offs until December 2009 and January 2010.
- Fortunately, SNAP eligibility timeliness has already improved significantly due to the implementation of telephonic interviewing in November 2009.
- Specifically, as previously noted, SNAP eligibility untimeliness worsened statewide from FFY 2008 to FFY 2009 (ending September 30, 2009) by an additional 88 percent. However, comparing FFY 2009 (the four months of October 2008 – January 2009) to FFY 2010 (the same four months of October 2009 – January 2010), the eligibility untimeliness of processing SNAP applications statewide has worsened by only 44.61 percent, which is roughly half as worse as the same months in FFY 2009.

- Telephonic interviewing is working very well, wherever it is used. For example, in BESSD's Section 2 eligibility units on Oahu, 55 percent of all interviews have been conducted by telephone since November 2009. On Maui, Molokai and Lanai, 94 percent of application interviews and 36 percent of renewals have been conducted by telephone since November 2009. East Hawaii is now doing 25 percent of all interviews by telephone. But West Hawaii is barely using telephone interviewing (one to two times per worker per month) and Oahu's Sections 1 and 3 as well as Kauai are all lagging too.
- Unfortunately, due to our disparate system of eligibility processing, this important improvement in customer service is being inconsistently applied. Consolidating eligibility functions into two, well-supervised, processing centers statewide, with integrated phone banking implemented, will ensure that this service improvement will become a systemic reform that can benefit all our customers equally.
- Importantly, the worst timeliness performance by DHS staff involved in eligibility functions actually occurred **before** the furloughs and RIF started late last year, which for HGEA members began in October and December 2009, respectively.
- Once again, this demonstrates that telephonic interviewing – which just started in November 2009 – is very effective at improving the timeliness of SNAP eligibility processing. This is why we need to integrate phone banking as a systemic reform through EPOD, and do so with all due haste.
- Our failure to consolidate and streamline eligibility has also short-changed thousands of Hawaii residents whom DHS could have made eligible for SNAP benefits. One of the most unfortunate consequences of the labor-intensive way that DHS has performed eligibility processing for years is that many more residents could have received SNAP benefits but have not. DHS has had to keep eligibility criteria lower than what is allowed by the federal government, due to our inefficient eligibility processing system.
- SNAP benefits are entirely paid for with federal funds, but administrative costs are shared equally by DHS and the USDA. And that is the problem. It costs Hawaii 50 percent State general funds to operate eligibility processing for SNAP benefits. This is why we need to use the most cost-effective method of processing eligibility. Otherwise, DHS is forced to cut back on those who can be made eligible for SNAP benefits because we cannot afford to hire more workers to operate an inefficient eligibility processing system.

Here are even more examples of the exigencies that are compelling DHS to move forward with our EPOD and RIF proposals as quickly as possible.

Without the proposed EPOD modernization, more of Hawaii's people will suffer long waits to get Medicaid health insurance.

Both before and after the last RIF, MQD has expended great energy and expense at trying but failing to achieve timely processing of medical assistance applications and renewals. The options for improvement are severely limited within the existing eligibility processing system, as shown below. The existing system must be overhauled by the proposed EPOD as quickly as possible to ensure that our customers get timely access to Medicaid health insurance!

For example, comparing the first six months in 2008 with the last six months of 2009, there has been a 30.2 percent increase in the volume of applications for medical assistance applications received by MQD. After many efforts (the salient ones are described below), there was a modest increase of 13.7 percent in staff productivity, comparing the first six months of 2008 with the first six months of 2009. There has also been a 12.3 percent increase in efficiency in 2009 over 2008, notwithstanding the last RIF initiated on August 4, 2009.

Therefore, without the proposed EPOD modernization of eligibility processing, an increase in eligibility efficiency of 12 to 14 percent is the maximum improvement we can reasonably expect to sustain with the existing way we process eligibility at MQD.

Further, this modest increased efficiency cannot possibly keep up with the demands of continuing increased applications and backlogs.

It is important to realize that this modest increase of 12 to 14 percent in eligibility efficiency was difficult to achieve, often resisted by staff and required substantial additional spending on staff overtime and contracted services.

Most importantly, this modest increased efficiency was achieved, in large part, due to the support provided by Outreach Services, a private company contracted by MQD to provide temporary support handling the mail, registering applications and other tasks required for eligibility processing.

By contrast, the EPOD proposal will achieve substantial efficiencies without contracted services, based on the experiences of similar eligibility modernization outcomes in states such as Florida, Oregon, New Mexico, Arizona, Utah and Washington.

The volume of new medical assistance applications for the last 12 months is 6,122 per month, on top of the backlog of overdue applications and ongoing overdue renewals.

A significant backlog of medical assistance applications had amassed in 2008, forcing our needy customers to wait and wait to get health insurance coverage. Staggering numbers of applications exceeded 45 days – the deadline for timely Medicaid eligibility determinations -- as shown in the chart below.

MONTH	Number of applications exceeding 45 days
January-08	2224
February-08	1935
March-08	1787
April-08	2069
May-08	2079
June-08	1954
July-08	1960
August-08	2087
September-08	2256
October-08	1778
November-08	1835
December-08	1947
January-09	2270
February-09	1748
March-09	1613
April-09	1219
May-09	755
June-09	921
July-09	1148
August-09	922
September-09	743
October-09	744
November-09	906
December-09	1128
January-10	1593
February-10	1800

While the backlog of new applications exceeding 45 days peaked in January 2009 at 2,270 untimely applications, the numbers are still high in 2010 with 1,593 untimely applications in January and 1,800 untimely applications in February.

In addition to this persistent substantial backlog of new applications, there are backlogs of overdue eligibility renewals. The renewal backlog peaked in September 2009 with 562 overdue renewals, dropping to 212 in October and 112 in November, due in large part to the help from MQD's contracted support from Outreach Services.

However, HGEA filed a grievance to stop the Outreach Services contract and recently filed its intent to arbitrate. With all due respect, it is hard to imagine how MQD eligibility staff can maintain the level of efficiency, achieved only with the help of the Outreach Services

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contract, without its continued support. The overdue eligibility renewal backlog is rising again to 148 in January 2010 and 211 in February.

Making matters worse, on a regular monthly basis between 200 and 250 cases are transferred for eligibility processing from BESSD to MQD, where the date of the medical assistance applications are already close to or past the 45-day deadline for timely eligibility determinations to be made. This exacerbates MQD's monthly overdue statistics and backlogs.

Many different strategies had to be utilized at MQD over the past two years, some harder than others to implement, taking months and months of management time and resources, severely limited by the current eligibility processing system in what could be done to try to achieve efficiencies.

MQD had to use extensive overtime trying to clear up the backlog, which is clearly not a sustainable solution – not for our customers who have to wait and wait in backlogs to get their health insurance coverage, and not for Hawaii's taxpayers who cannot afford to support the State's extensive labor costs.

Salient efforts to improve efficiencies included the following: MQD's Kapolei Unit had to repeatedly provide assistance in addressing the backlogs at MQD's Dillingham Units. Boxes of unregistered applications were found and had to be registered and a new process put in place to avoid this from happening again.

Many eligibility pilot projects were implemented, all trying but all failing to achieve sustained timely registration and eligibility determinations. Standardized procedures for accepting and stamping mail, registering applications, extensive coaching of supervisors, close monitoring of line staff and performance reporting had to be developed and implemented.

None of these numerous incremental measures have worked to achieve sustained timely eligibility processing at MQD.

There is clearly a need for a systemic change in the way we do eligibility functions to ensure timely access to Medicaid health insurance for our needy customers.

Interestingly, with all of HGEA's "anti-EPOD" public rhetoric about how essential it is for consumers to have face-to-face interviews with eligibility workers, MQD data confirm that only 15 percent of all medical assistance applications come through face-to-face assistance of eligibility workers. The vast majority of Medicaid applications – 85 percent – come through other methods, including mail and fax.

The proposed EPOD will expand consumer options even more with online applications or applying over the phone, assisted by eligibility workers at call centers in the two EPOD processing centers in Honolulu and Hilo. Consumers can have easy access to computers and phones at remaining DHS offices on every Island as well as public libraries, community-

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based social service agencies, health centers and hospitals. And face-to-face interviews will still be available, as needed, by webcam.

The federal government strongly **encourages** states to modernize eligibility processing in precisely the ways which DHS intends to use in our proposed EPOD. These are practical and cost-effective ways, endorsed by the federal government, to provide increased consumer access to SNAP and other public assistance benefits, not less consumer access as HGEA insists will occur.

One of the most frustrating things about HGEA's "anti-EPOD" public relations campaign is the frequent repetition of falsehoods that create needless worry among our vulnerable consumers, their advocates and other concerned citizens.

For example, we frequently hear warnings that if the EPOD is implemented, consumers will have to apply by phone (untrue, because they can still apply in-person or by mail, fax and additionally online or by phone), and when they call into the EPOD call centers, they will get trapped in an automated phone system (untrue, because DHS never said its call centers would be automated – this is a complete fabrication), and consumers who do not speak English will not be able to get benefits.

Actually, if consumers choose to apply by phoning EPOD call centers (which we will encourage them to do because it is easiest of all the application options), they will speak directly with an eligibility worker, just as they do now. And people who do not speak English will be able to apply for benefits just as they do now, which, incidentally, is typically provided by translators assisting applicants over the phone.

Another frequent fright raised by HGEA in its "anti-EPOD" campaign is that it took Florida years to develop and implement its modernized eligibility processing system, so DHS must naturally slow things down.

This reason to stop our proposed EPOD and RIF is based on a false assumption by HGEA. The EPOD being proposed by DHS will not and cannot possibly be exactly like Florida's system.

As DHS explained in our February 23 letter, EPOD is a fundamentally different way of handling eligibility work. It organizes the work by eligibility function versus caseload. By units specializing in a particular function, e.g. "re-determinations," and eliminating other distractions, tremendous efficiencies can be realized as evidenced in other states.

Even without additional automation, we fully expect to achieve significant gains in overall efficiency. However, we are pursuing some automation that we believe will further enhance the efficiencies gained by the new organization of workflow.

This new automation involves the development of an online application and an electronic calculator. This automation effort cost \$783,382 in total funds, of which only \$22,000 was State funded and the balance was federally funded.

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Also, in our March 5 letter, we clarified: "It is important to understand that this automation initiative is separate from the EPOD proposal. The efficiencies we expect to achieve through EPOD are based on a streamlined workflow, not on an automated system."

Given that Florida's eligibility system is totally automated, it is obvious that our proposed EPOD is not going to be exactly like the one in Florida. Rather, our proposed EPOD is based on a combination of features from many states, including Florida.

We got our concept of fully integrating eligibility functions for all our public assistance benefits into our EPOD from Florida's fully-integrated eligibility model, while other states have consolidated some but not all benefits. We got our mostly non-automated, but greatly streamlined workflow redesign, from the eligibility consolidations in Oregon and New Mexico. While our EPOD will include integrated phone banking in all aspects of the work conducted at the two processing centers, eligibility workers will work the phones, not the automated mechanisms used in Florida.

DHS has neither the time nor the money to invest to fully automate like Florida. And our needy consumers cannot afford to wait any longer either. We must act quickly to expedite our eligibility functions so our vulnerable customers can timely access vital benefits. Our EPOD must, thus, be an efficient hybrid.

Please note that Florida has just two processing centers to handle eligibility for a total population of 18.5 million covering a combined land and water area of 65,755 square miles, compared to Hawaii's population of only 1,295,178 and total land and water area of only 10,931 square miles.

Also, please note that our staffing levels were based on consolidating eligibility functions without automating the eligibility process with online applications and scanned documents. Therefore, the staffing levels at the two EPOD processing centers retain more line workers than needed when such technology improvements are fully implemented.

HGEA is also misrepresenting the findings of the Mathematica study of Florida's ACCESS program to streamline eligibility processing. The study points out that the difficulties experienced in Florida were attributable to the surge of applications and emergency financial aid that had to be distributed quickly to hurricane victims. Such natural disasters would put a tremendous burden on even the best eligibility processing system and should not be interpreted as a failure of Florida's ACCESS program, as noted in the Mathematic study.

It is important to keep in mind that there is a special relationship between the people DHS serves and the way we serve them. The DHS public service mission – to help Hawaii's most vulnerable men, women and children – gives rise to a DHS operational mission. This mission is to ensure that the way DHS processes public assistance benefits makes it as easy as possible for people to access and maintain the benefits for which they are eligible.

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When we make it easier for people to access the benefits for which they are eligible, it increases applications and enrollment in our public assistance programs. That is a good thing because it means that more people who are eligible for DHS benefits are receiving those benefits.

However, when applications and enrollment increase, there is more work for our staff to handle.

If the only answer to increased caseloads is to hire more staff, then the interests of the State – unable to afford ever-increasing labor costs – would run counter to the interests of those whom we serve at DHS – Hawaii’s needy people.

Fortunately, there is a better way that does not pit the interests of the State’s workforce against the interests of the needy people whom we serve at DHS.

Modernizing eligibility processing creates a win-win situation where customers have easier access to public assistance benefits which increases caseloads, and workers have easier ways to handle those increased caseloads.

During my tenure as Human Services Director, DHS has modernized eligibility processing many times before, in order to enable DHS staff to handle increased caseloads from this Administration’s initiatives to expand public assistance benefits to better serve Hawaii’s neediest men, women and children.

In other words, we have both expanded the public assistance benefits for Hawaii’s needy residents and, at the same time, made it easier for my staff to process the applications, renewals and maintenance of client cases. This is the same balancing of public service and operational missions that is most recently exemplified in the EPOD proposal.

For example, we expanded Medicaid benefits for children from 200 percent to 300 percent of the Federal Poverty Level (FPL), long before President Obama recently increased the federal Children’s Health Insurance Program in February 2009. We also expanded Medicaid benefits for adults from 100 to 200 percent FPL by creating QUEST-ACE.

These Medicaid expansion initiatives caused more applications for medical assistance and higher enrollment in our Medicaid programs, requiring our staff to do more eligibility determinations, annual renewals and other eligibility maintenance activities. To lessen the increased workload, we streamlined the renewal process by adopting “passive renewal” for children enrolled in Medicaid.

Briefly, “passive renewal” – which is endorsed by the federal government – allows children to annually renew for Medicaid without resubmitting renewal paperwork. The process is mostly automated and easier than the regular renewal process. This creates a win-win situation that keeps low-income children receiving uninterrupted health care benefits and lessens the workload on eligibility workers.

"Passive renewal" also significantly reduced the caseload of new applications which used to burden our eligibility workers due to "churning" – when someone gets terminated and then immediately reapplies. Prior to "passive renewal," an estimated 400 children per month were being needlessly terminated from Medicaid, not because they were no longer eligible but simply because their parents failed to submit the renewal paperwork on time. They then had to reapply for Medicaid, needlessly burdening eligibility staff with increased application work.

Another expansion of public assistance benefits during my tenure involved increasing the cash benefits (welfare) paid to families with dependent children living in poverty. DHS requested a statutory amendment to the standard of need and sufficient funding to raise these cash benefits for the first time since 1993. DHS also added other benefits, including a two-month housing assistance, enhanced transportation benefits, subsidized employment and other improvements to help our clients on welfare get employed and support their children. DHS also increased income levels for more families to receive child care subsidies to 200 percent FPL.

To reduce the burden on eligibility staff, DHS implemented "simplified reporting" – which is endorsed by the federal government. We used to require monthly verification of income (e.g., pay stubs, bank statements, etc.) from clients receiving welfare and other public assistance benefits. "Simplified reporting" significantly reduces the verification workload to only twice per year, instead of 12 times per year. With a client's single pay stub, the eligibility worker can "project" six months of pay stubs, instead of checking every month. This process greatly reduced the burden on my eligibility staff.

The most recent expansion of public assistance benefits will be for DHS to increase the income level at which individuals can qualify for SNAP nutrition assistance cash benefits. As I mentioned earlier, Hawaii has unfortunately been stuck at 185 percent FPL, which is well below the maximum 200 percent FPL allowed by the federal government. Clearly, increasing eligibility from 185 to 200 percent FPL would help many more of Hawaii's residents as well as stimulate Hawaii's troubled economy.

Keeping eligibility at 185 percent FPL is preventing thousands of Hawaii's residents from receiving vital nutrition assistance. SNAP cash benefits are funded with 100 percent federal funds. Keeping eligibility at 185 percent FPL has left as much as \$65 million annually in the federal coffers, instead of helping Hawaii residents with vital nutrition assistance.

For years, I beseeched my SNAP management to raise SNAP eligibility to the federal maximum of 200 percent FPL. Finally, I have been promised that this good deed will be accomplished by this July. However, up until now, my pleas had been rebuked by staff who insisted that they needed more employees to handle the increased applications that would result from raising the SNAP income eligibility from 185 to 200 percent FPL.

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In other words, Hawaii residents have been held hostage for years, denied of the opportunity to receive as much as \$65 million annually in SNAP nutrition assistance cash benefits, due to the shameful and little known fact that our eligibility process is so labor-intensive that it could not help more clients without hiring more staff, instead of doing the right thing by streamlining our eligibility process so fewer workers can handle more clients.

The turning point began in mid-2007 when, at my insistence, BESSD finally agreed to get a federal "waiver" to do telephone interviews for SNAP renewals instead of face-to-face interviews. These telephone interviews simplified the renewal workload for eligibility staff. Then, in September 2009, again at my insistence, BESSD finally agreed to expand its federal "waiver" to do telephone interviews for SNAP applications instead of face-to-face interviews.

My press release on September 18, 2009, announcing that DHS was eliminating the requirement of face-to-face interviews for SNAP applications, was received by all with great enthusiasm.

"Conducting interviews over the phone will be more convenient for our clients, while helping streamline the approval process...This latest improvement will provide easier access for Hawai'i residents who need SNAP assistance, without compromising our payment accuracy."

Doing interviews over the phone, instead of face-to-face, was correctly welcomed as a long-overdue customer service improvement when DHS announced first announced it and began implementing it during the last quarter of last year.

Yet early this year, as soon as DHS delivered our proposal to HGEA to consolidate eligibility functions statewide into a call center model called EPOD, and requested consultation with HGEA on January 29, 2010, on our proposed EPOD reorganization and RIF, everything suddenly changed.

Suddenly, it was no longer a good thing to integrate telephonic application and renewal processing to expedite eligibility determinations, clear up backlogs and improve customer access to benefits. Suddenly, telephonic interviewing for public assistance benefits became an "unconscionable" thing to do.

HGEA refused for more than a month to meet with DHS, claiming that union leaders were not ready to meet and, instead, HGEA waged a public anti-EPOD campaign, spreading misinformation about our proposal, wildly exaggerating the proposed number of office closures and lay-offs, exploiting the fear of DHS staff who may be laid-off, and deliberately scaring DHS clients and communities with unfounded charges that EPOD will reduce consumer access to public benefits and increase the incidence of client fraud.

Yet back in September 2009, when DHS first announced its customer service improvement of telephonic interviews instead of face-to-face visits, HGEA did not claim that telephone interviews would reduce customer access to benefits and increase fraud. Even when DHS

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conducted statewide training sessions for staff in October 2009 on the new telephonic interviewing procedures, HGEA did not criticize this method of applying for benefits.

HGEA is leading the opposition to EPOD for the obvious reason that a modern processing system would require fewer union employees to handle the workload.

Please note that DHS both intends and expects that one of the most positive outcomes of the EPOD modernization is improved access to public assistance benefits by eligible persons.

The EPOD modernization cannot cause any increase in the number of people who are eligible for public assistance benefits in Hawaii – they are either eligible or not, depending on their income and assets and other factors that make them eligible or not for DHS benefits. However, it is clear, from the successes of modernizing eligibility functions in other states, upon which our EPOD modernization is based, that EPOD will enable those who are eligible for benefits to receive those benefits more quickly.

This is the most significant customer service improvement that DHS is highly motivated to achieve through the EPOD. This is a positive impact on our program participation – increasing timely enrollment and renewals of Hawaii's eligible residents, to ensure they receive the benefits to which they are entitled, is one of the most important of our DHS missions.

Here are more pertinent facts underscoring the urgency for DHS to implement the EPOD modernization as soon as possible.

The federal government *encourages* states to modernize benefits processing so people do not have to apply in-person.

According to a federal study (www.ers.usda.gov/publications/efan03013/efan03013-2/efan03013-2appB.pdf), many people:

- Don't like visiting welfare offices;
- Don't want to take time off work;
- Have difficulty arranging transportation; and
- Are busy with child care or elder care.

Particularly informative is the SNAP 2010 Program Access Toolkit, a guide published by USDA to help states increase public access to nutrition cash assistance benefits (formerly called food stamps).

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On page 20 of the SNAP Toolkit, the federal government notes the need for State agencies to overcome certain "common myths and staff concerns" including:

For example, some State agencies find that workers are reluctant to conduct eligibility interviews over the phone because they believe clients are more likely to lie about information over the phone. State agencies can reassure workers that States with option have not reported an impact on error rates after the implementation of telephone interviews."

Also, on page 25 of the SNAP Toolkit, the federal government notes that for applicants who prefer face-to-face contact, they "will be able to go to community-based organizations where they can learn about SNAP and its application process...have [access to] computers, web-cams, fax machines, and scanners so applicants can complete the entire application or recertification process from these remote locations. Applicants can complete the face-to-face interview via webcam."

The SNAP Toolkit, on page 23, notes "Although some households eligible for SNAP may not have access to a computer with internet access, individuals can access public computers at local libraries, community centers, and community-based organizations."

The federal government praises the many advantages of call centers. For example, the SNAP Toolkit, on page 24, notes: "Call centers can increase program access by streamlining phone calls to local offices. Call centers can be used for any or all of the following purposes: reporting changes, processing alerts, handling participant phone calls, conducting callbacks, and performing certification or recertification interviews."

Also, the SNAP Toolkit continues, on page 24: "Call centers increase program access because applicants have one number to call for interviews and application questions. For call centers to increase program access effectively, SNAP households must know that they should call the call center and not their worker."

The SNAP Toolkit also describes the many advantages of using online applications, which DHS intends to have ready in time for our proposed EPOD implementation.

The SNAP Toolkit notes, on page 25, "As of July 2009, 21 States had statewide online applications... Online applications can increase program access to households who cannot easily get to a local office for an application, such as working households, households with difficulty obtaining transportation, households with disabled, etc. Additionally, online applications allow households to submit their application at any time." The SNAP Toolkit continues: "Online applications reduce the amount of time workers must spend completing data entry."

Each of these recommended approaches are essential parts of our proposed EPOD workflow redesign.

In our March 5 letter responding to HGEA questions, DHS started with the consultation process in which we have been engaged since January 29. Due to the urgency of delivering timely benefits to needy customers, DHS has been developing a timetable and we will continue to refine it as adjust it, as appropriate, as we proceed with implementation of our proposed EPOD and concurrent RIF.

Our developing EPOD implementation plan addresses critical tasks, covering tasks for the time period from today – the date when we have notified HGEA of our intention to proceed with the EPOD and RIF – until October 1, 2010, which is when, we believe, we should be able to fully implement the transition of staff and operations to the two EPOD processing centers in Honolulu and Hilo. These tasks include but are not limited to:

- Identifying office sites at BESSD and MQD where there is space (due to vacancies, retirements and prior RIFs) to begin consolidating eligibility staff as part of a phased-in transition to EPOD.
- Identifying Applications Units in both BESSD and MQD that can begin implementing and critiquing EPOD workflow processes for determining eligibility. Using what we learn from these processes to finalize procedures, prepare training material and establish a training schedule.
- A similar process will be used for determining ongoing eligibility (including data updates, renewals and other case maintenance work) will be implemented in selected Sections/Units at BESSD and MQD.
- Teams will be formed to ensure that specialized processes are developed (e.g. processing applications that require special knowledge or for services that are not frequent requests). Currently, those eligibility determinations may be made by a select number of BESSD and MQD employees.
- As space allows, transition those BESSD and MQD staff who will join EPOD to central locations with their post-reorganization supervisors to handle a portion of the eligibility determinations being submitted to DHS using the EPOD redesigned workflow processes.

Telephone interview training was already provided to all BESSD eligibility staff statewide in October 2009. Additional interviewing scripts to further streamline the time it takes to conduct interviews are being developed by staff, and will continue to be refined as these tools are used and monitored to achieve maximum efficiencies on an on-going basis.

Please note, while DHS has not received any meaningful input about our proposed EPOD and RIF from HGEA, other than HGEA's insistence that DHS stop it or indefinitely delay it, DHS has received significant input from our staff.

HGEA continues to feign disapproval for DHS not engaging enough staff in developing EPOD. This is a strange contention, since public unions have complained in the past when State Directors and exempt managers have sought to communicate with subordinate staff, who are union-included members, about proposals to make changes affecting their working conditions.

As previously explained, DHS refrained from contacting staff, who are included-HGEA members, to discuss our EPOD reorganization concept, due to it being inextricably linked with our proposed RIF of eligibility positions which, on advice of counsel, required that we first engage in consultation with HGEA before contacting its members. However, once you clarified at the February 23 legislative hearing that HGEA had no objection to DHS conferring with staff about our proposed EPOD reorganization, DHS began to gather input directly from staff and will continue to do so on an ongoing basis, both before and after the EPOD and RIF are implemented.

While we received some staff input similar to HGEA's comments to stop or indefinitely delay the EPOD and RIF, DHS also received constructive input from staff that will be incorporated into our transition planning. For example, both BESSD and MQD staff noted that there are a few processes that would benefit from special attention, developing detailed procedure modifications to prepare for incorporation into the EPOD. These processes will most likely be the last processes transitioned to the EPOD.

Another example is the suggestion of a phased-in transition, where we begin using EPOD processes with a number of MQD and BESSD Sections/Units to fine-tune the processes and learn from the staff about the essential areas that need emphasis in the training modules.

It was also suggested that we might want to make DVDs available on the Internet or at DHS offices that would further explain our eligibility application processes, client rights and responsibilities, and how to access information or provide frequently asked questions and answers for our customers.

These client educational tools, suggested by DHS staff, are currently being developed and will be refined on an on-going basis as part of the EPOD modernization strategies to improve timely customer access to DHS benefits.

There are numerous other suggestions that will also be explored further and incorporated into transition planning as we move forward with implementing the reorganization and RIF.

DHS will be training the trainers and consolidating eligibility staff into existing offices with vacant spaces, in order to quickly affect the changed workflow to increase worker productivity as soon as possible before the two EPOD processing centers are available for occupancy. This transitional roll-out will be occurring from now through no later than October 1, 2010, when we expect to be fully staffed at the two EPOD processing centers in Honolulu and Hilo.

As we said many times in our previous communications, there is an urgent need for DHS to move forward with the EPOD and RIF proposals, given the continuing increase in applications for and enrollment in public assistance programs such as Medicaid, welfare and nutrition benefits.

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Moreover, the need for DHS to reduce expenditures is greater than it was even a month ago. The State Senate is now requesting a 5 percent cut in our DHS budget, which would amount to a loss of \$37.4 million in State general funds. In addition, the State's \$1.2 billion budget gap recently grew by \$65 million, based on revised March 11 projections by the Council on Revenues through June 30, 2011.

Streamlining the benefits application process would provide solutions to the above challenges by improving customer service while saving money for taxpayers during the worst economic downturn in State history.

While it is regrettable that some eligibility staff would lose their jobs under the proposed EPOD reorganization and RIF, DHS must remain focused on our prime mission, which is providing timely, efficient and effective programs, services and benefits to the most vulnerable residents of Hawaii.

As shown in this letter and our March 5 letter, DHS has tried many other approaches to improve efficiency of eligibility operations, but we have only achieved small and unsustainable gains at higher cost to taxpayers.

As I mentioned, we hired an outside vendor on a temporary basis to help reduce the backlog of applications at MQD, but HGEA filed a grievance to stop this initiative and recently filed a notice of intent to arbitrate. We also temporarily assigned BESSSD Oahu eligibility workers to help reduce the backlog of nutrition benefit applications on Maui, but that was only a short-term fix.

Pursuing incremental changes is not the best strategy during a time when DHS is experiencing a surge in applications for public assistance and our State government is now confronting a nearly \$1.9 billion budget shortfall through June 30, 2011.

While we understand why HGEA did not like the last August 2009 RIF, which DHS and all other State Departments had to implement to reduce labor costs due to the worst economic downturn and State revenue deficits in Hawaii's history, DHS is compelled to point out the fact that some of HGEA's stated impacts from the last RIF are patently false.

For example, in its March 22 letter, HGEA contends "Existing Child Welfare Service and First-To-Work offices are already understaffed and overburdened due to recent cuts and layoffs." However, DHS caseload data proves the contrary.

Specifically, the First-To-Work (FTW) statewide caseloads from July 2007 to January 2010 show a **decrease of 12.28 percent**. This FTW decreased caseload consists of decreases in FTW cases occurring both before and after the last August 2009 RIF. For example, the FTW statewide caseload reduced by 7.84 percent from July 2007 to January 2008, and reduced by 1.09 percent from January 2008 to January 2009, and reduced by 3.78 percent from January 2009 to January 2010, for a total reduction of 12.28 percent from July 2007 to January 2010.

Further, with the exception of Molokai, every Island's FTW units experienced either caseload reductions or no caseload increases after the staff who were laid off from the August 2009 RIF began leaving in December 2009. Specifically, the most recent caseload data on Oahu's FTW units from November 2009 to January 2010 shows no increased caseloads, Kauai's caseloads reduced by 18.18 percent, Hilo's caseload reduced by 0.35 percent, Kona's caseload reduced by 15.97 percent and Maui's caseload reduced by 4.74 percent. Only Molokai, after a caseload reduction of 13.04 percent from November to December 2009, experienced a slight caseload increase by 4.35 percent when adding the January 2010 caseload.

Clearly, our significant caseload reductions in FTW alone enable remaining clerical staff, on all Islands, the opportunity to be helpful to customers on their Islands who might need to be referred to community-based agencies from a pre-printed list of locations that can help them apply for DHS public assistance benefits.

Our significant caseload reductions in FTW also provide the opportunity for remaining clerical staff, on all Islands, to provide phone, fax, computer and web-cam access for customers on their Islands who might want to remotely contact the staff who are located at the two EPOD processing centers in Honolulu and Hilo.

DHS also disputes HGEA's contention in its March 22 letter that "The recent cuts and layoffs threaten the department's ability to comply with federal guidelines and timelines for eligibility determination." As fully described in this March 25 letter, the thing that is actually hampering the ability of DHS to comply with federal guidelines and timelines for eligibility determination is the old-fashioned way we currently handle eligibility functions, which is labor-intensive, costly and slow. This is why it is urgent to implement the EPOD modernization as soon as possible.

It is unfortunate that HGEA continues to strongly oppose the EPOD initiative and seems intent on continuing a misinformation campaign designed to frighten and mislead the public. HGEA and its supporters continue to make untrue statements such as:

- Customers could no longer receive in-person help;
- Customers would need a computer to obtain benefits;
- Customers who cannot speak English would be deprived of benefits; and
- Customers who call for assistance would become trapped in an automated phone system.

While it is understandable that HGEA is focused on preserving union jobs, DHS must remain focused on its goal of improving customer service without financially burdening the taxpayers who fund public assistance programs.

Instead of providing constructive feedback, HGEA is waging a statewide "anti-EPOD" campaign designed to confuse and frighten DHS staff and their families, advocates for the needy and especially the vulnerable customers we serve. Among the falsehoods spread by this campaign are that EPOD will:

- Prevent customers from receiving in-person help when applying for benefits;
- Require customers to use a computer with Internet access to receive benefits;
- Trap customers in an automated phone system when they call DHS for help;
- Prevent customers who require translation services from receiving benefits; and
- Result in rampant fraud when customers apply for public assistance.

As detailed in this letter above, all of these contentions are false.

Unfortunately, HGEA remains adamant in its opposition to the EPOD instead of providing DHS with any constructive feedback. Even in your latest March 22 letter, you remark "We have not heard from anyone who supports the current reorganization plan and believes the state will benefit from its implementation." This remark is nearly identical to what you said at our meeting on February 26, when you said ""No one we've talked to says this is better for workers and the State."

Despite the best efforts of HGEA to deceive the public about the EPOD modernization, many people are still able to perceive the truth. For example, a March 5 editorial in Pacific Business News, "Make Hawaii government efficient, don't raise taxes," articulates the issues clearly. As the editorial states: "Koller and her colleagues in the Department of Human Services are tackling 21st century problems with 21st century strategies. If her detractors have better solutions, let's hear them."

As explained in our January 29 and March 5 letters, DHS studied consolidated eligibility processing operations in other states to determine appropriate staffing levels for the two proposed EPOD processing centers in Hawaii. At this point, less than 230 positions would be eliminated to achieve our staffing target.

Our current system is outdated, labor-intensive, costly, inefficient and slow. Fewer employees would be needed with consolidated processing because:

- Customers would no longer be required to engage in repeated and inconvenient contacts with DHS staff;
- Supervisors would oversee a greater number of employees at the large EPOD facilities than they do now in smaller DHS offices across the Islands;
- Workflow would improve significantly in a production-type atmosphere that eliminates backlogs caused by the current "silo" system;
- Teamwork would be encouraged, not discouraged, under EPOD;
- Clerical staff would relieve the burden on eligibility staff to ensure that applications are completed with all required documents attached, which will reduce backlogs of pending cases and incomplete work;
- Eligibility workers would focus on one task at a time, on a rotating basis, which is more efficient than working on multiple tasks simultaneously.

Sanford Chun, HGEA Field Services Officer
March 25, 2010
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As explained in our January 29 consultation letters, the RIF/lay-off process, which is concurrent with and part of the proposed EPOD reorganization, is being undertaken by DHS due to both a lack of funding and a lack of work, as briefly described again below.

Given the unprecedented rapid and steep economic downturn since 2008, soaring State revenue shortfalls, and increased applications and enrollment in DHS public assistance programs, it is imperative that DHS change the way it conducts eligibility functions as soon as possible. DHS must produce significant improvement in customer service, timely and accurate work productivity, and general fund savings.

DHS has decided to achieve those goals by implementing a reorganization of eligibility functions statewide for its public assistance programs (excluding federal benefits under the Social Security Administration) by creating EPOD.

With the efficiencies resulting from the EPOD reorganization, the span of supervisory control will be significantly increased, as must be done, to handle higher caseloads more timely and accurately than under the current DHS organization and operation of eligibility functions. Under EPOD, customers will have fewer and more convenient contacts with DHS staff to obtain public assistance benefits, and customers will receive those benefits more timely and accurately than they do now.

EPOD efficiencies include, but are not limited to, accepting online and telephonic applications, specializing workflow into functional categories to which staff will be assigned, on a rotating basis, to focus on doing one type of task at a time, creating a highly efficient "production" type atmosphere, and moving cases along daily to prevent backlogs from new cases, pended cases and incomplete work. There will be less distraction from applicant and ongoing client calls to interrupt worker productivity because calls will be handled by an in-house call center to which eligibility workers will be assigned on a rotating basis.

Given worsening budget shortfalls, including the substantial reduction of revenue projections for the next fiscal year starting this July made by the Council on Revenues at its most recent meeting earlier this month, DHS does not have the option of expanding current levels of DHS positions, due to insufficient general funds, to maintain the current DHS organization and operation of eligibility functions, which is more labor-intensive, costly and inefficient than the EPOD reorganization. And, since the work itself will be easier to do as a result of the EPOD reorganization and workflow redesign, there will be a lack of work under the EPOD to support the current levels of DHS positions involved in eligibility functions, for which this reduction-in-force/lay-off process is appropriate.

In closing, due to the exigent and challenging circumstances we face, I have repeatedly emphasized the importance of moving quickly with consultation on the concurrent EPOD and RIF proposals by DHS. The needs of our customers are great and we cannot fail in our

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obligation to provide them with health care, food and other necessities in an efficient and timely manner.

Accordingly, DHS plans to fully implement the EPOD plan no later than October 1, 2010. We welcome HGEA's constructive input during the weeks and months ahead on how DHS can best carry out this vital and timely initiative.

Sincerely,

A handwritten signature in black ink, appearing to read "Lillian B. Koller". The signature is fluid and cursive, with a large initial "L" and "K".

Lillian B. Koller
Director

c: Randy Perreira, Executive Director, HGEA
Nora Nomura, Deputy Executive Director, HGEA
DHS Personnel Office

TO: State Representative John Mizuno
RE: EPOD

FROM: Faith Nagamine, Secretary
DATE: 3/31/10

FOR BRIEFING ON DHS REORG ON 4/1/2010 @ 10:20 A.M.

Personally, this is such a slow death. And you will never know what us single-income women have had to do to survive. A slow death with no pride left.

JULY 2009 1st I had to come up with extra \$ to cover the insurance increase.

JULY – AUG 2009 Then there was talk about a 5% pay cut or furlough.

OCT 2009 Then the talk about a RIFF.

OCT 23, 2009 Then the furlough took into effect.

I had to take a second job to come up with another \$200 less due to the Furlough.

NOV 2009 more talk of RIFF. Stress now unbearable.

DEC 2009 Then I lost a staff member due to the first RIFF.

Now I work even harder - - with less pay - - to keep up with one less person.

MARCH 2010 Then the EPOD talk disrupted everything again.

MARCH 2010 Talk of a permanent 5% pay cut. Staff now dazed by so much work & financial instability.

MARCH 29, 30, 31, 2010 Then I witnessed the panic in my office and department as RIFF letters were hand-delivered. Grown people cried.

As a single-income parent of two children going to college (child support of only \$290 total, each month), and I have a mortgage and a \$509 maintenance fee, this has been mental torture, emotionally draining.

I work, I get paid. I do not expect more, I just expect to be paid...and the pay is very small; smaller still.

I just want it to be fair.

The Governor does have other options.

But she does not care.

She will not be here.

She does not know the shameful stories of how we have been surviving.

What I make now, I made 25 years ago in the private sector. (without the furlough decrease)

As it is a State deficit, the State, as a whole, should share the burden.

Our Dept did not create the deficit in itself.

If anything, we have contributed to the General Fund with the Eligibility Workers meeting deadlines.

My staff is so dedicated, so devoted to doing their job well.

Please, with each vote, so many lives will be broken or saved.

We will lose our homes; things will not be able to be reversed once it is done.

Please, consider more wisely than a governor who no longer serves her people.

Please keep the staffing as is, find another way. There must be another way.

There must be another way than laying-off so many people and destroying their lives.

What you decide today will never be forgotten.

Thank you.

TO: State Representative John Mizuno
RE: EPOD

FROM: Faith Nagamine, Secretary
DATE: 3/31/10

FOR BRIEFING ON DHS REORG ON 4/1/2010 @ 10:20 A.M.

My concerns how will the clients listed below be serviced?

Elderly

English Language as a Second Language

English, not at all

Clients who are on 'too much meds'

Clients who need meds (but do not take them because they have no one to monitor them, so they just

survive as unstable citizens)

Homeless

Mentally Challenged

The Delusional

Our clients do Not have the mental capability to comprehend change or complex instructions.

Who will teach them the new procedures?

If there is an outreach office to assist the clients, will it be accessible to the clients mentioned in bold?

How will our clients be able to replace their lost or stolen EBT (electronic benefit transfer) card?

(They are constantly losing their cards or it is stolen often from them.)

How will the Homeless get to the location to pick up their replacement EBT card?

(They are not receiving financial assistance so they have no funds to purchase a bus pass.)

With half the staff, but the same amount of cases to handle, how will this be accomplished?

Will everyone have detailed job descriptions? Will everyone know what their duties are?

Clerical staff need detailed areas of responsibility or there will be chaos and animosity.

Eligibility Workers need detailed areas of responsibility so there will not be friction between the EW and Clerical.

Will there be a bullet-proof glass to separate the client and the staff?

(Minimum requirement should be shatter-proof glass.)

Will there be a metal detector?

(Does the State really care about the safety of their staff?)

Currently, most offices have Security Guards with levels of responsibility as Non-physical Contact.

This is unacceptable if we have the metal detectors as Security may need to 'touch' the client(s) or to prevent disturbance within the waiting area.

We will need Security outside of the building also.

IF THIS IS A STATE DEFICIT, why is it only affecting State Employees' Paychecks?

Every Resident should be affected, not just those who are employed by the State of Hawaii.

It's like we are being penalized because we chose to serve the State of Hawaii.

Faith Nagamine

Regarding 10:20am INFO/BRIEFING EPOD

We the undersigned are SNAP recipients and we are requesting face to face interviews on the island of Molokai. We understand our only DHS/BESSD office on Molokai is going to shut down at the end of business day on 06/30/10. FNS regulations require that "Regardless of any approved waivers, the State agency must grant a face- to- face interview to any household which request one". An office on Molokai is necessary to meet our needs and FNS requirements

Name	Address	Signature
Marshelle L Castro	PO Box 100 Kilauea	Marshelle L Castro
Gwen K McQuinn	P.O. Box 369 Kilauea	Gwen K McQuinn
Charlotte Kealoha	14E-01 BESOI, Cohasia Kealoha	Charlotte Kealoha
Kathleen Y Nolan	POB 1815	Kathleen Y Nolan
Paul Egan	P.O. Box 331 Apt. A1	Paul Egan
BENJAMIN MANABAT	P.O. BOX 331	BENJAMIN MANABAT
Cayle Dickson	P.O. Box 10 F5	Cayle Dickson
Kathryn Vincent	P.O. BOX 100	Kathryn Vincent
Blair E Smith	P.O. Box 15	Blair E. Smith
Virginia Temaeva	PO Box 100 KAUNAKAI HI 96748	Virginia Temaeva
VIRGINIA TEMAEVA	PO Box 100	VIRGINIA TEMAEVA
STEVEN K. KAULIKANE	P.O. Box 100	STEVEN K. KAULIKANE
Larry Kamao	P. O. 1356 100	Larry Kamao
Geoffrey Kahala	PO BOX 100	Geoffrey Kahala
Alma Jean Skelton	Box 1825 Kilauea	Alma Jean Skelton
CHARLES MOORE	PO BOX 894 KAUNAKAI HI	CHARLES MOORE
FRED L. KOWAL	PO BOX 174 MAWALOO HI	FRED L. KOWAL
Harold P. Dennis	Box 100 Kaunakai HI 96748	Harold P. Dennis
Leanne Jamell	Box 15 521211ca	Leanne Jamell
Robert Bishop	BOX 100-HI Kilauea	Robert Bishop

