

## **Responding to the Governor's Misrepresentation of Welfare Reform**

In a letter published on September 2, 2012 in the *Indianapolis Star* and other newspapers, Governor Mitch Daniels presented a mythical representation, at best, of the so-called reforms that were made in Indiana's public benefit programs during his administration. On September 5, 2012 The Generations Project and the Indiana Home Care Task Force sent the following op. ed. response to the governor's letter to newspapers throughout the state.

### **INDIANA NEEDS A PUBLIC BENEFITS SYSTEM BASED ON COMPETENCE AND INTEGRITY**

When Governor Daniels presented his description of the state's public benefits, or welfare, system in a recent letter to Indiana newspapers, he had an opportunity to tell his fellow citizens the current overall status of the following services in Indiana: the Supplemental Nutrition Assistance Program (SNAP), or food stamps; Temporary Assistance for Needy Families (TANF); and basic Medicaid assistance. These programs serve Indiana's poorest citizens who have pressing health, nutrition and shelter needs. The qualifications for these programs are strictly defined by law.

Sadly, the governor used his opportunity to once again do three things: perpetuate the myth created by his administration in 2005 that Indiana had the worst welfare system in the nation, to justify the awful privatized system his administration created, and to justify the system with which the state has now been saddled. The latter system, or so-called hybrid, provides poor and uneven services to the vulnerable citizens it is legally charged to serve.

The hybrid system is easier for health care providers and attorneys to use than the original privatization model but providers and attorneys also knew how to use the system that existed prior to 2006. For technology savvy clients with access to computers the hybrid allows them to go on line to address benefit needs. Apart from these factors, advantages of the hybrid are much harder to quantify. As designed, it is vulnerable to administrative corruption and even organized crime. The hybrid system still forces new and existing clients to use computer and telephonic technologies they do not have, cannot afford, and are unable to use due to physical and cognitive disabilities. For individual clients the hybrid system demonstrates little competence for handling complex cases. The hybrid has dumped much of its statutory obligations onto hospitals, nursing homes, area agencies on aging, local charities, and the people it is supposed to be serving.

Prior to 2005, Indiana had a welfare system that was a mixed bag. In some counties the old system worked well, in others it did not. The system used a clunky and slow computer/data management system, but it was predictable and received bonus payments from time to time from the federal government for its performance. Most observers said that system needed new computers, the managers in problematic counties needed to be changed, and case workers needed more time in the field. Measured incidents of client corruption were very low and the system had county based fraud prevention units that were effective in most localities. Aggressive steps to remove clients who politicians thought were not deserving of services were implemented in the early to mid 1990s. Those steps equaled or exceeded the harsh federal reforms that followed in the late 1990s. In sum, the

welfare system in 2005 needed to be properly managed. Instead, the Daniels administration decided to blow it up.

In 2005, the Indiana Family and Social Services Administration (FSSA) produced what was essentially a phony analysis of the state's welfare system. The false picture that analysis produced was used to justify the privatization of the system. That took place in 2007 when Affiliated Computer Systems (ACS) and other companies were given operational control of the state's public benefits system. IBM was a late addition to the contracting process in order to make privatization more acceptable to the public and the state legislature. In 2009 the governor fired IBM but the other contractors remained in place.

The deal was and remains an enriching arrangement for ACS and other companies. In short order, experienced case workers left the system and the fraud prevention units were eliminated. Critics cynically noted the outdated computer system remained in place. These questionable arrangements have yet to be properly investigated for potential violations of federal and state civil and criminal law. Those investigations need to happen.

At the present time the data produced by FSSA's Division of Family Resources (DFR) and Office of Medicaid Policy and Planning (OMPP) regarding Indiana's benefits system is subject to challenge. The state has presented dramatically improved data reports to the federal government in the past two years. Those data reports seem inconsistent with the continued problems that clients have with the system. People consistently complain about cuts and losses in needed benefits and services. The public needs a clear answer to this question: how much of the money spent for public benefits goes to the persons needing those benefits and how much goes to the private companies that operate the system? The answer needs to be determined by independent auditors with full investigative powers.

Since 2008 the Indiana Home Care Task Force has called for a third party audit of the Indiana public benefits system. The Task Force has raised this question publicly and privately with both the state and federal governments. DFR, FSSA and the private companies that run the system need to be thoroughly audited in all aspects of their operations, finances, compliance with state and federal law, and in their treatment of clients per their needs for health, nutrition, and housing services, and their human rights.

The questions raised in this letter are sweeping and of the utmost importance. Billions of dollars are at stake in the administration of public benefits. Some 1.3 million Hoosiers are directly affected by these programs and services. The bottom-line is this: when decisions regarding public benefits have life and death consequences for impoverished seniors and persons with disabilities then we as citizens should insist on nothing less than the utmost competence and integrity by the people and agencies running those programs.

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