



TESTIMONY

OF

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**DEPARTMENT OF SOCIAL SERVICES/
HUMAN RESOURCES ADMINISTRATION**

BEFORE

**THE CITY COUNCIL
COMMITTEES ON GENERAL WELFARE
AND
FINANCE
ON**

THE FISCAL YEAR 2005 EXECUTIVE BUDGET

CITY HALL

MAY 20, 2004

Good morning. I am here today to highlight major new initiatives at the Human Resources Administration that are reflected in the Mayor's FY '05 Executive Budget, to update you on issues we discussed at the preliminary budget hearing two months ago, and to respond to your written questions.

Public health insurance

The largest modification to HRA's FY '05 budget is an increase of \$280 million in Medicaid expenditures. Enrollment in New York City's public health insurance programs has increased from 1,917,109 in March 2002 to 2,458,931 in March 2004. Much of that growth is due to Family Health Plus, which has exceeded the Governor's original enrollment forecast. The Governor had originally projected enrollment of 115,840 in New York City by December 2003; actual enrollment was 233,760 by that date. The State has now revised its Family Health Plus forecasts to project an enrollment of 399,000 in New York City by March 2006.

In response to the pace of new enrollments and to address their budgetary impact, HRA has developed recommendations on public health insurance reform and cost containment. Our proposals fall into three areas: the use of technology to enhance detection of fraud and duplicate billing, simplification of procedures involved in applying for and retaining public health insurance, and expanding support for health and wellness promotion. We are engaged in ongoing dialogue with the State about these enhancements. Mayor Bloomberg's HealthPass program is also providing insurance options for employees of small businesses. HealthPass is a purchasing cooperative through which small businesses can offer their employees health benefit choices similar to those large employers are able to offer. An employer that enrolls in HealthPass can offer its employees more than 25 different medical and dental options through five health plans. The costs of the program are covered by charging health plans a fee for each employee enrolled. Creative initiatives of this type need to be encouraged and expanded.

We are doing everything we can at the local level to achieve tighter control over the process that organizations use for submitting applications to our Medical Insurance and Community Services Administration, or MICSA. We are utilizing technology that we have developed, known as the EDITS system, to electronically transfer eligibility data and documents from providers and community-based organizations into the State's Welfare Management System (WMS). This technology will improve administrative efficiency, reduce data entry duplication, improve the quality of submitted applications, and improve eligibility decision response times. We will work with different groups of providers to implement EDITS in phases, beginning in August 2004 and ending in April 2006.

MICSA works with many partners -- facilitated enrollers, community based organizations, and hospitals -- that assist consumers in applying for health

insurance. HRA is managing significant growth in the public health insurance program, without increased state or federal administrative funding. Monthly application volume from facilitated enrollers has more than doubled over the past two years for Child Health Plus, and has increased five-fold for Family Health Plus.

Only the local social services district is authorized by the State to make eligibility determinations. The State continues to apply a cap on HRA's administrative expenses which does not reflect the growth in the caseload. The State should allow us to better integrate facilitated enrollment into a comprehensive administrative structure in which duplication of effort is reduced. We believe that the City's cost for processing applications from state-funded facilitated enrollers should be borne by the State.

Public Assistance

As I reported in March, there has been an increase in the public assistance (PA) caseload of approximately 20,000 people from February 2003 to April 2004. Over this period, 205,937 new cases were opened, and 192,859 cases were closed. The increase is small compared to the decline of over 700,000 people since 1995 and still reflects a decrease of 25,000 people since the start of this Administration. As I indicated in March, the City Comptroller has stated that the increase budgeted for PA costs in FY '05 is reasonable and should be adequate to support them.

We are still reporting that 55 percent of our clients have significant and costly-to-address obstacles to full employment, many of them health-related. The new initiative I described in March, "Wellness, Comprehensive Assessment, Rehabilitation and Employment," or WeCARE, will provide customized assistance programs for each client to address these issues. I am happy to report that contract negotiations with vendors in this program are almost completed, and the program will be operational by early fall.

HRA has also designed and is coordinating the implementation of a new citywide initiative on job training and placement opportunities for work-ready clients. As you know, for several years HRA has had successful programs to place public assistance recipients in job training with both the Housing Authority and the Parks Department, leading in many cases to permanent City jobs. We have learned a great deal from these programs about the best ways to support a mix of work experience and education, training and job search. We are now expanding this entry-level program to other City agencies. Under our new program, called "Supportive Training for Employment Preparation," or STEP, individuals will participate in a combination of work experience and education and training activities at multiple City agencies. These components will be more

closely linked so that they reinforce each other and better prepare clients for unsubsidized employment.

Through STEP, we will also help clients obtain either private or public sector employment. For private sector employment, we will continue to use our network of vendors to train and place individuals in jobs, as well as our in-house program to recruit interested employers, including City agency contractors. For public sector jobs, the City will strengthen the requirement that agencies hiring individuals into entry level jobs consider qualified public assistance candidates, when there is no governing civil service list.

HIV/AIDS Services Administration (HASA)

Currently, our HIV/AIDS Services Administration (HASA) serves 31,548 HIV-infected individuals and their affected family members. Of the clients themselves, 63.2% are male and 36.7% are female. African-Americans represent 49.7% of this group, Latinos 36.6%, Caucasians 9.3%, and Asian/Pacific Islanders and Native Americans, 0.6%. Single adults represent 81% of HASA's client population, while families comprise 19%.

Last year, there was concern over a proposed PEG to contract out a portion of HASA case management. That PEG has been reversed in the FY '05 Executive Budget. The HASA staffing plan in the FY '05 budget reflects both the reversal of last year's proposed PEG and a reforecast of the overall HASA caseload. The last time the City reforecast this caseload was November 2002. The FY '05 budget reforecast starts from current numbers and projects growth to a caseload of 32,307 by June 2005 and 33,411 by June 2006. It preserves the staffing levels needed to comply with the specific requirements of Local Law 49.

We have received State approval for the two HASA client improvements that I described in March. Next month, HASA will extend re-certification periods from 6 to 24 months for most single clients (about 4,500 people) who receive SSI, Medicaid, and Food Stamps. Also in June, HASA will begin conducting re-certifications for approximately 4,000 families during routine home visits, eliminating the need for them to come to our Centers to continue their benefits. In addition, renovation is underway on the first HASA Model Office site, the Amsterdam Center at 400 Eighth Avenue in Manhattan. This renovation is expected to be completed by the end of July 2004, with the Queensboro Center targeted for the fall.

After the March hearing, I sent the additional information you requested on HASA housing programs to the General Welfare Committee. I want to take the opportunity today to present those numbers publicly. Our emergency housing models currently include 2,733 units, consisting of 2,108 commercial SRO units and 625 contracted transitional congregate housing units. Frail clients, clients

with special needs, and clients with serious and persistent mental illness and/or with a chemical dependency diagnosis are always referred directly to transitional congregate facilities that offer on-site intensive case management and other support services. We also currently have 1,150 congregate permanent housing units, and 2,271 scatter site supportive housing units.

Many more singles utilize our emergency housing programs than families. Of the approximately 2,370 people in emergency housing, we have only 38 family placements, representing 108 individuals. There are no family units in the transitional congregate housing portfolio. The Department of Homeless Services, on the other hand, serves significantly greater numbers of families in its system, accounting for much of the variation in rates for emergency housing between the two agencies. In addition, commercial SROs will soon be required to secure linkage agreements with support service providers and to provide mandatory incident reporting.

In your written questions, you asked why the November Plan showed a savings in the HASA SRO budget, while the Executive Budget shows an increase. The November Plan reflected a proposal to bring all vendor costs to a maximum rate of \$60 per unit. We have since decided to bring the rates to an average of \$60 rather than a maximum, to ensure the retention of higher quality SRO facilities. The savings from the reforecast of the HASA caseload have been redirected to provide us with additional resources for emergency housing. We only use these SROs as emergency housing, and attempt to find permanent housing placements for clients whenever possible.

Domestic Violence

We are also increasing the number of beds available for victims of domestic violence. Since FY '02, the number of emergency shelter beds in operation has increased by 19 percent. In FY '04, we have increased Tier II units from 155 to 173. In FY '05, we plan to increase emergency shelter beds by 6 percent, and Tier II units by an additional 23 percent.

Child Care

The FY '05 budget reflects an adjustment in HRA's child care funding. The FY '04 budget contained a proposal to transfer child care eligibility determinations from the Administration for Children's Services (ACS) to HRA. Based on discussions between the agencies and with child care advocates, we have concluded that we will not take this step at this time. Therefore, OMB has withdrawn the FY '04 transfer of staff from ACS to HRA and restored them to the ACS budget. We will continue to discuss with ACS and others in the child care

field ways in which we can improve the delivery of child care services to low-income families, including those on or leaving public assistance.

Food Stamps

The number of individuals receiving food stamps continues to increase. As of the end of April, 986,664 individuals are receiving food stamp benefits, an increase of 8,258 from March. Since January 2002, we have increased total food stamp enrollment by 24%, and the number of non-PA clients receiving food stamps by 72%. In fact, we have already exceeded the June 2005 food stamp enrollment target in the Mayor's Management Report.

The United States Department of Agriculture (USDA) recently completed a follow-up review of our Food Stamp Program operations. The USDA found "significant improvement in program operations," including much better documentation of case actions and more consistent management of expedited service screening and benefit issuance. The USDA concluded that we had corrected the major areas of regulatory non-compliance it had previously cited, and as a result it has rescinded the threat of Federal administrative penalties.

I want to report that we have submitted to the USDA the grant proposal I described in March to fund two mobile vans to reach potential food stamp applicants in the field. The vans will serve as mobile food stamp offices allowing clients access to the program outside of HRA sites. I also shared with the General Welfare Committee my proposal that the State Office of Temporary and Disability Assistance conduct a mass distribution of inactive food stamp benefit cards as an outreach tool for those potentially eligible but not enrolled. Commissioner Robert Doar responded favorably to this concept, but expressed some concerns regarding confidentiality issues. To address his concerns, I have appointed Joel Berg of the New York City Coalition Against Hunger to chair the HRA Food and Nutrition Advisory Group. This Group has a 30-day mandate to draft a set of food stamp access recommendations relating to the issuance of inactive food stamp benefit cards and other outreach issues.

In light of our goal of moving people toward self-sufficiency, New York City has again opted to decline a waiver of federal law requiring that in any three-year period, single able-bodied food stamp recipients (ABAWDs) be employed or in a work program for 33 of the preceding 36 months. We will continue to treat single individuals without children consistently with parents under work requirements. We stand ready to assist every one of these clients in their work efforts, in gaining employment and in maintaining food stamp eligibility. And although we have declined the waiver, the number of ABAWDs receiving only food stamps has increased from 1,804 in January 2002 to 9,954 in March 2004, demonstrating that people are continuing to apply and be enrolled. Since

January 2003, a total of 39 people failed to comply with the ABAWD rules and therefore lost benefits.

We are committed to ensuring that single individuals without children have equal access to a full range of services to help move them to self-sufficiency. We have proposed a legislative change to the State Social Services Law that would give Safety Net households without dependents access to the same education and training options as families with children. Our proposed legislation is currently being considered by the Social Services Committees in both houses of the state legislature.

Efficiencies

Let me now update you on the Model Office initiative I described in March. Customer satisfaction surveys conducted at both of the new Model Center facilities before and after implementation showed that clients acknowledge and appreciate the change. Before implementation, 23% of clients at East End said they were satisfied with their visit, compared to 52% after implementation. At Linden, the proportion of satisfied clients increased from 22% to 43%. Before the conversion, 55% of clients at East End thought staff did a “poor” job of being courteous and respectful. After the change, only 29% felt this way, indicating that we are making progress towards improved customer service.

We continue to improve safety for clients and staff. The FY '05 Executive Budget provides funding to support 49 additional peace officers at HRA facilities. Of these, 41 are to cover expanded hours of operation, and eight are to increase security at Centers with high numbers of serious incidents. Since deployment of peace officers, serious incidents in our centers are down by 8.8 percent.

We are aggressively using automated systems and process redesigns to improve efficiency. During FY '05 the agency will continue its development and implementation of projects that support core programs. These projects include:

- the continued rollout of the paperless office system (POS), which is currently active in 43 offices where it is supported by more than 82 million documents that have been digitally imaged; and
- the enhancement of a number of Interactive Voice Response System (IVRS) applications, which allow the public to receive information about HRA and community-based service programs, and access certain HRA services, such as child care attendance for payment, and others.