

US agency tightens oversight of state FSSA outsourcing

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INDIANAPOLIS (AP) — Federal officials are tightening their oversight of Indiana's experiment in privatizing much of its welfare safety net, requesting that the state provide monthly reports on how many food stamp applications it approves.

The U.S. Agriculture Department's Food and Nutrition Service also will send representatives to Indiana next month to observe firsthand the state's outsourcing to an IBM Corp.-led team of the eligibility determination for food stamps and other benefits received by 1.1 million people.

Ollice Holden, the federal agency's Midwest regional administrator in Chicago, requested in a letter this week to the state that it submit monthly reports on whether food stamp applications are approved, rejected or otherwise disposed of, as well as data on delays caused by the state and its private partners or by the applicants.

Holden, in his letter to Secretary Mitch Roob of the Indiana Family and Social Services administration, also asked the state agency for monthly data comparing the performance of IBM and its partners with that of FSSA employees during the same period a year earlier.

The notice of tightened oversight appeared to reflect concerns among advocates and others that the privatization of food stamp eligibility runs the risk of denying benefits to those eligible, whether through technological glitches, unfamiliarity by the vendors' employees, or other reasons.

"This is a unique project, and the state's implementation of it is unique, so we have some unique requirements," Lawrence Rudmann, a spokesman for the U.S. Agriculture Department, said Thursday.

Indiana's outsourcing repeatedly has been compared to one in Texas that encountered backlogs in processing benefits and other problems before that state scaled back the contract and finally, on Monday, canceled the remaining portion of the pact.

Rudmann said Food and Nutrition Service employees also will do onsite reviews of the privatization beginning next month.

“We want to make sure everything goes well, and we have a good handle on their progress,’ Rudmann said.

Zach Main, director of FSSA’s Division of Family Resources, said last month that the state agency had invited the federal officials to observe the changes firsthand. He issued a statement Thursday thanking them for their “cooperation and helpful consultation.”

“Their recent letter of approval of the transition plan affirms that the plan is in compliance with federal law and regulations,” the statement said.

Patti O’Callaghan of Lafayette, president of an advocate network called the Indiana Coalition for Human Services, said the close federal monitoring was appropriate.

“It really does behoove everyone in Indiana to look at this carefully as it unfolds,” O’Callaghan said.

The state’s implementation of the 10-year, \$1.16 billion contract with the IBM team, known formally as the Hoosier Coalition for Self Sufficiency, reaches a key milestone Monday when more than 1,500 welfare case workers and other FSSA employees leave the state’s employment and go to work for IBM partner Affiliated Computer Services Inc.

The state, however, will not formally hand over any of the processing of applications for food stamps, Medicaid and other benefits until the rollout of a pilot project in a 12-county region surrounding the city of Marion beginning Sept. 10. The rollout then will continue across the rest of the state in stages.

Roob was a vice president of Dallas-based ACS before taking over the state’s largest agency more than two years ago but has said he no longer has any financial interest in the company.

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