



STATE OF INDIANA MODERNIZES DIVISION OF FAMILY RESOURCES WITH AN INCREMENTAL TRANSFORMATION STRATEGY FOR ELIGIBILITY

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*Zach Main, Director
State of Indiana's Division of
Family Resources*

PROFILE

The State of Indiana's Division of Family Resources administers various programs to strengthen families through services that focus on prevention, early intervention, long-term self-sufficiency, family support and preservation. Statewide programs for families in need include cash assistance, childcare assistance, food stamps, employment and training services, and Medicaid eligibility.

ADOPTING A HOLISTIC VIEW

Analyzing Processes and Satisfaction

When Zach Main joined the State of Indiana's Division of Family Resources as its Director in 2005, the idea of modernization was not new. Nearly one in six Indiana citizens were receiving public assistance, and the welfare reform that had been helping many welfare recipients get back to work in other parts of the nation hadn't been as widespread in Indiana. In fact, Indiana's caseload had decreased by only six percent in the past decade. While the need for modernization and transformation had been gaining

momentum for some time, Main and his team were charged with making it a reality — at record speed. “We started with creating a holistic view of the agency,” said Main. “We wanted to develop an intimate understanding of what we do, how we do it, and how well we do it. We didn't want to change for the sake of change, we wanted to truly transform family services in a way that would make the greatest impact on peoples' lives.”

So Main and his team visited with dozens of caseworkers and customers across Indiana's 107 welfare offices.

“The first thing we learned was that our customers were receiving poor service,” said Main. “Long applications, limited office hours, face-to-face interactions with one assigned caseworker and multiple visits, sometimes four or five, just to make simple changes were frustrating customers. They couldn't use email, apply or check statuses through

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the Internet or even send electronic versions of documents to speed up the process,” Main explained.

With caseworkers carrying as many as 500 cases, and Medicaid disability backlogs of more than 13,000 people, processing eligibility and benefits was moving at a snail’s pace. Satisfaction ratings painted the complete picture: 65% rated the process as “below average,” 56% described it as “too slow,” and 48% found it “difficult to reach a caseworker.”

The second thing Main and his group discovered was that the predominantly manual process was dramatically impacting accuracy.

“We were experiencing error rates as high as 36%,” said Main. “Our caseworkers, a remarkably educated and highly skilled group of people, didn’t have access to standardized rules and procedures. We were running an almost entirely paper operation. Caseworkers were making the best decisions they could without much guidance or support tools. The right amount of help was not going to the right people, and the wrong determinations were costing us millions of dollars.”

Again, the numbers spoke for themselves. Inconsistent application of eligibility standards caused a 12% error rate associated with food stamp disbursements, a 26% error rate with TANF, and a 36% error rate with Medicaid.

Evaluating Enterprise Systems

After spending time in the field, Main redirected his attention to the systems that were designed to support caseworkers in the administration of their programs.

“Our computer system was vintage 1980s,” Main said. “Our processes were paper-based. More than 50% of caseworkers’ time was being spent on clerical activities, which wouldn’t have been so bad if the effort yielded appropriate results. The truth was, we were spending more money on file cabinets each

year than on computers.”

STATE OF INDIANA DIVISION OF FAMILY RESOURCES

- 107 offices in 92 counties
- 2,200 employees
- \$500+ million budget
- Approximately 1.1 million welfare cases
- \$6 billion in annual assistance payments

Indiana’s system was Cobol-based, non-relational, and ultimately burdened both caseworkers and customers, Main determined.

DEVELOPING A UNIQUE ROAD MAP

The initial objectives of Indiana’s Family Resources modernization were clear:

- Open new channels/access points for customers to improve satisfaction
- Introduce accountability and specialization into the process to increase accuracy
- Release caseworkers from clerical work, so they can concentrate on helping people

Another critical issue was that transformation would have to take place at record speed. Inaccurate determinations were costing Indiana too much money.

Main took a close look at how other states introduced eligibility modernization and wanted to avoid a common pitfall: doing too much too fast. Some states were challenged, and ultimately delayed, by trying to revamp their entire business, including changing eligibility requirements while simultaneously implementing a completely new computer system. Still others used costly internal resources and had to lay-off employees to make the initial infrastructure investment. In the end, the lack of expertise and budget constraints created ineffective and clumsy technology solutions.

“Very quickly, we realized that the best option for us

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was to create priorities and use a phased approach to implementation,” said Main.

Main also realized that tapping into the private sector was the only way to acquire the specialized skills, technology and support needed for such a large project.

“Because we operate on a 2-year budget, it would be difficult and time consuming to introduce legislation to get the right computer system. Additionally, our merit employment system makes fluid organizational changes nearly impossible, and introducing specialization into the process could mean moving people. It became very clear that outsourcing to an experienced vendor with substantial resources and state-of-the-art technology created specifically for the human services industry was the fastest and most efficient way to modernization success,” said Main.

Selecting the Right Partners

Main described the selection process as atypical, yet simple.

“We explained our problem and described the solution that we were looking for at a very high level. We put the pressure on the respondents to fill in the blanks and come up with a solution that would meet our needs and time line.”

They also made it clear that they couldn’t spend more on a new solution than they were currently spending. It cost \$1.96 billion to run their current system. They estimated that it would have cost \$2.1 billion to fix their system internally. The outsourced solution had to do better than that.

The selection process began in October 2005, and a contract was signed in December 2006. Indiana selected IBM as their outsourcer and the Cúram Business Application Suite™ as their commercial-off-the-shelf solution.

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chance of being successful. We really looked at the team as a whole, and Cúram was a very important part of that team,” Main said.

Cúram’s products include off-the-shelf flexibility and affordability, scalability, a flexible business services model and key capabilities:

- A commercial-off-the-shelf (COTS) enterprise framework provides Indiana with reduced risk, cost, time and investment protection while ensuring a fast path to rollout.
- A services-oriented architecture (SOA) supports Indiana’s phased implementation with flexible modularity and easy integration with their legacy system.
- A Business Application Suite to support Indiana’s key goals: on-line application/screening for eligibility, multi-channel, self-serve capabilities, rules-based case management and full program support for TANF, food stamps and Medicaid.
- Built-in industry best practices to help Indiana streamline workflow and processes.
- A customer-centric system that would use Indiana’s policies to drive the rules and guide caseworkers through courses of actions to reach the best possible outcome.

Implementation Built for Speed: 10 Months to Rollout

Once the solution was selected, an aggressive implementation strategy was created.

Because Indiana’s legacy system proved to be a solid benefit calculator, the team decided to retain it for the first phase of the state’s transformation and integrate it with Cúram’s solution. Indiana’s real issues centered on workflow management, eligibility standardization, verification and case management — ultimately customer service, accuracy and accountability — which were solved with the robust IBM technical solution based on the functionality and architecture of the Cúram Business Application Suite.

“Cúram supported seamless integration exactly

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where we needed it,” said Main. “They readily fit into our legacy enterprise, and supported functions such as document management and reporting.”

Within 10 months Indiana had a fully functioning and secure system designed to support all locations with significant modernization:

- New multiple intake points (county office, phone, web, mail, fax, email)
- Self-driven processes
- Consistent application of eligibility standards
- Hard error control mechanisms in place (service level agreements, incentives, penalties)
- Income verification cross-referenced with other systems (state revenue, credit bureau)
- One visit; single location; multiple agency points of contact
- Caseworkers performing social service activities rather than clerical activities

According to Main, an impressive aspect of the project was the professionalism and dependability of the IBM team of which Cúram played an integral role.

“We couldn’t be happier with how the pilot is going,” said Main. “IBM and Cúram allowed us to fix our customer service issue and gain real institutional efficiency. While we had a lot of things to worry about during the process, Cúram was never one of them,” he added.

DRAMATIC RESULTS

Main is looking forward to the modernization effort achieving significant results.

“The success of the project is boiled down to five metrics that our outsourcer must achieve. One of the great things about the system is there is a trail. We can see right away whether we’re reaching our goals, and I see no reason why we won’t.”

The metrics that were identified include a variance rate on all programs.

“We agreed to variance rates of 95%, which means in 95% of the cases, all the right steps will be followed, we’ll get the determination right, and the benefits amount will be right. Another critical metric is the TANF work participation rate. Federal law requires 50% of TANF recipients to be in job-related activities at least 35 hours a week. Indiana’s current participation rate is 32%. We’re now putting emphasis on executing a seamless process from receiving cash to getting training to working. In fact, as soon as a customer is eligible for cash assistance, they’re scheduled to enter a classroom,” he added.

“Indiana is a state of great people and great opportunity,” said Main. “Working with IBM and Cúram enables us to transform more than family services. It allows us to transform lives.”

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