

Senator Eliot Shapleigh - El Paso, Texas

News Room

HHSC TERMINATES ACCENTURE CONTRACT

March 13, 2007

"When essential government functions are privatized, ask the question: Who gets the money? The concept here was flawed. Now we've paid the price. Children should never be privatized."

Written by Senator Eliot Shapleigh, www.shapleigh.org

AUSTIN – Today, the Texas Health and Human Services Commission (HHSC) terminated its contract with Texas Access Alliance, a private consortium led by Accenture. Accenture is a management consulting firm based in Bermuda.

"When essential government functions are privatized, ask the question: Who gets the money? Here is a case where face-to-face interviews with human beings were turned into call centers," said Senator Shapleigh.

"The concept here was flawed. Now we've paid the price."

Senator Shapleigh has been a vocal critic of the Accenture contract, which resulted in 200,000 Texas Children without health insurance. On November 29, 2005, Senator Shapleigh requested that the Texas Comptroller conduct a report to assess damage under the contract and provide options.

Despite early warnings from many lawmakers, Albert Hawkins, HHSC Executive Commissioner, negotiated and signed an \$898,939,876 contract with Accenture, on June 29, 2005, to operate the Children's Health Insurance Program (CHIP).

Shortly thereafter, damaging reports began to surface. The *Houston Chronicle* reported in March 2006 that computer incompatibility problems with HHSC caused Accenture's clients to fall through the cracks. This critical breakdown so early in the process prompted Sen. Bob Deuell (R-Greenville) to ask Hawkins, "I've got concerns about [Accenture] doing the job. Do you share those concerns?" "

Hawkins dismissed the concerns, even as HHSC's Bob Arbuckle warned staff in a memo, "We cannot continue to bounce clients around. If [Accenture] inappropriately bounces someone back to us, we need to step in and help the client."

In the same month, the *Dallas Morning News* and *Lubbock Avalanche-Journal* reported, "Hundreds of poor Texas families are struggling with children's health care because of errors and confusion about new enrollment policies for CHIP..." Amber Nicole "Niki" Grayson, 16, was among the children who lost coverage, although her mother, a single parent and child care worker, met deadlines and provided proof of her \$17,000 a year income.

A spokesman for HHSC blamed the mother.

In Austin, three-year-old Ryla Woodward spent a weekend in a hospital when she fell ill with mononucleosis. Days following, she lost her CHIP coverage, placing follow-up exams and other check-ups out of her family's financial reach. In Ryla's case, HHSC confirmed that she and her sister were

mistakenly caught up in a broken eligibility-screening system operated by Accenture, according to the *Austin American-Statesman*

By June 2006, new problems began to arise. Reports emerged in statewide newspapers that Accenture had misprinted a fax number on its applications, causing CHIP applicants to send their documents to a warehouse in Seattle instead of HHSC in Austin. The error resulted in hundreds of children without health insurance, many of them unaware of the fact until they sought care.

As a result of Senator Shapleigh's request, the Texas Comptroller issued her report on October 25, 2006. The results were startling.

Since Accenture began operations on December 1, 2005, CHIP enrollment had plunged by 8.5 percent or 27,567 children through August 2006. The report also found that Medicaid enrollment had dropped 2.9 percent or 53,937 children in the same timeframe. Most troubling, the report stated, "Evidence shows that some children were inaccurately denied benefits but were in fact eligible. In addition, I found that rather than saving money in this biennium, this contract will cost the state almost \$100 million more than budgeted while fewer children and families receive the needed benefits."

The Comptroller concluded, "This project has failed the state and the citizens it was designed to serve. The contract with Accenture must be ended."

Today, HHSC corrected an error suffered by the children of Texas. "Children should never be privatized," said Senator Shapleigh.

- END -

E. Anthony Martinez
Communications Director
Office of Senator Eliot Shapleigh
Texas State Capitol – E1.610
Austin, Texas 78711
512.463.0129 (phone)
512.463.0218 (fax)

Copyright © 2008 - Senator Eliot Shapleigh

An [Impulse Development](#) Website

Political Ad Paid For By Eliot Shapleigh