



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Memorandum

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September 13, 2022

TO: Joint Technology Committee

FROM: Jean Billingsley, Senior Research Analyst, 303-866-2357
Luisa Altmann, Senior Research and Committee Analyst, 303-866-3518

SUBJECT: Colorado Benefit Program Eligibility Verification

Summary

This memorandum responds to the March 1 letter from the Colorado Human Services Directors Association (CHSDA) and the Colorado Counties, Inc. (CCI) to the Joint Technology Committee (JTC). The CHSDA CCI letter asked the JTC to consider supporting additional integration of [The Work Number®](#) (TWN) into the existing [Colorado Benefits Management System](#) (CBMS). The memorandum discusses current benefit determination, the request by CHSDA and CCI, current costs, estimates and considerations for the committee.

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Colorado Benefit Eligibility Determination

Federal and state benefit programs include health insurance, food assistance, housing subsidies, energy and utilities subsidies, education, and childcare assistance for eligible applicants. Some of these benefit programs may use external verification services to determine eligibility. Colorado state agencies and counties use various technical solutions to determine eligibility for benefit programs. For example, CBMS, which is managed by the Colorado Department of Health Care Policy and Financing (HCPF) and the Colorado Department of Human Services (CDHS), determines eligibility for medical, food, and cash assistance through a variety external data sources.¹ One of those external data sources is TWN.

¹Colorado Benefits Management System", Colorado Governor's Office of Information Technology, < [Colorado Benefits Management System | Office of Information Technology](#) >, accessed on August 3, 2022.

CDHS executed a contract with Equifax Verification Services to obtain TWN volume discounts. In FY 2020-21, HCPF entered into an interagency agreement with CDHS to also receive TWN discounts. Similarly, for benefit programs managed by CDHS, some Colorado counties also use TWN data to verify eligibility. However, counties do not retrieve TWN data directly from the CBMS application. Instead, county representatives get TWN data directly from the Equifax TWN web portal, and then manually enter the data into CBMS or other systems.

HCPF benefit programs and verification sources. HCPF uses verification data to determine eligibility for its medical benefit programs, such as [Medicaid](#) and [Child Health Plan Plus \(CHP+\)](#). The Centers for Medicare & Medicaid Services returns about 20 to 30 percent of requests for eligibility determinations. If this data is not available, HCPF uses TWN data for its medical program eligibility verification.

CDHS benefit programs and county verification sources. Several benefit programs managed by CDHS require verification data:

- [Supplemental Nutrition Assistance Program \(SNAP\)](#);
- [Temporary Assistance for Needy Families \(TANF\)](#);
- [Child Support](#);
- [Low-Income Energy Assistance Program \(LEAP\)](#);
- [Colorado Child Care Assistance Program \(CCCAP\)](#);
- [Title IV-E](#) of the Social Security Act that provides federal matching funds to assist in foster care; and
- The Adult Financial Programs for Aid to the Needy Disabled, Home Care Allowance, and Old Age Pension.

As of FY 2021-22, 39 of the 64 counties use TWN. CDHS says that the 25 non-participating counties indicated concerns with cost and the legal implications of Equifax's annual minimum requirement. Non-participating counties may use pay stubs, direct employer verifications, and other means to verify income.

CDHS Change Request

Currently, the CBMS TWN integration runs a program specifically for HCPF's medical programs to query different external verification sources, such as TWN data. The CDHS change request for CBMS would expand access to TWN data for applicable CDHS benefit programs.

Current and proposed verification data flow. CBMS processes TANF, Adult Financial Programs, and SNAP CDHS programs. The remaining CDHS programs use other discrete IT systems. Appendix B: Current Verification Data Flow shows county representatives manually retrieving and entering TWN data for the CDHS programs. Appendix C: Proposed Verification Data Flow shows the change CDHS is requesting in CBMS to pull real-time TWN data through a connection to the Equifax TWN interface.

TWN Current Costs

The current TWN contract fee between the state and Equifax is \$6.65 per transaction. Regardless of the costs to build and maintain any new CBMS TWN functionality, the TWN fee will remain unchanged.

HCPF TWN Costs. Table 1 shows that HCPF TWN transaction costs were approximately a total of \$1.3 million, averaging \$116,765 each month.

Table 1
TWN Transaction Costs

Month and Year	Amount
June 2021	\$21,516.78
July 2021	\$102,311.66
August 2021	\$111,579.22
September 2021	\$159,160.99
October 2021	\$171,344.39
November 2021	\$105,885.73
December 2021	\$93,136.26
January 2022	\$91,497.33
February 2022	\$103,147.59
March 2022	\$157,041.56
April 2022	\$167,796.66
TOTAL:	\$1,284,418.17

Source: Legislative Council Staff.

According to HCPF, among CDHS programs using CBMS, the CBMS maintenance costs will continue under the current CBMS cost allocation model of:

- 88.5 percent from SNAP;
- 4.3 percent from TANF; and
- 7.2 percent from Adult Financial Programs.

CDHS TWN Costs and Funding. CDHS costs average \$284,652 per month, or \$3.4 million annually. Funds are drawn among federal funds (FF), General Fund (GF), and the counties' share of administrative costs.

**Table 2
County Allocations for Pro-Rata Share**

CDHS Benefit Programs Not in CBMS			
Program	Federal Funds	General Fund	County Funds
Child Support	66%	0%	34%
Child Welfare (Title IV-E)	100%	0%	0%
LEAP	100%	0%	0%
CCAP	70%	30%	0%

CDHS Benefit Programs in CBMS			
Program	Federal Funds	General Fund	County Funds
TANF	100%	0%	0%
Adult Financial Programs	0%	*100%	0%
SNAP	50%	**30%	**20%

Source: Legislative Council Staff.

**68 percent of the total costs are from the Old Age Pension Cash Fund (OAP). Any OAP appropriations that are not used revert to the GF.*

***Using a County Administration formula, TWN transaction fees are paid using this ratio. Any CBMS system change costs are funded with a 50/50 percent FF and GF match.*

Estimates and Considerations

TWN fees. Although TWN fees may change according to contractual provisions, CDHS says that any transaction price changes will not be the result of additional CBMS TWN integration. Also, the TWN accounts payable processes between Equifax, CDHS, HCPF, and the counties will not change due to the additional integration. Non-participating counties may begin accessing TWN data under the executed contract after the change request; however, CDHS explains it does not anticipate that the increased CBMS transactions will cause issues.

Timeline estimate. CBMS is currently maintained by the Governor’s Office of Information Technology (OIT) and Deloitte. To date, the departments have not coordinated with OIT to develop detailed estimates. According to CDHS, an estimated timeline of approximately one year may be needed based on HCPF’s recent TWN integration.

Cost estimates. According to CDHS, existing CBMS appropriations are unable to absorb the costs of both implementation and maintenance. Furthermore, CDHS says that maintenance costs will increase with any additional users. CDHS plans to collaborate with OIT, Deloitte, and Equifax to develop detailed estimates for the CBMS integration expansion. Even though the departments may be able to leverage existing CBMS integration, the CDHS TWN data flows and business processes are different than the HCPF medical programs. CDHS benefit programs will require ad-hoc TWN requests by county users across the state. As this may cause performance issues in CBMS during peak periods, CDHS will also consider performance testing, along with any additional costs.

Cost benefit analysis. Even though CDHS says it has not completed a quantified cost-benefit analysis to date, the department adds that integrating TWN into CBMS will avoid improper payments and improve operational efficiency since manually transferring data into applications may cause errors and delays. CDHS further explains that errors may cause federal sanctions, or overpayments.

The CHSDA and CCI March 1 letter includes a cost-benefit analysis. Initial cost-benefit estimates were developed for the HCPF medical programs. The projected annual savings of nearly \$50 million were determined with the assumption that the TWN integration would decrease the time to verify applicant income and eligibility; however, due to the public health emergency, and the continuous overage requirement, the department has not realized these savings.

Appendix A CHSDA and CCI Letter



Joint Technology Committee
Chairperson Brianna Titone
200 E. Colfax
Denver, CO 80202

March 1, 2022

Dear Chairperson Titone and Members of the Joint Technology Committee:

On behalf of the Colorado Human Services Directors Association and Colorado Counties, Inc., we are writing to request the Committee consider supporting the integration of The Work Number into the Colorado Benefits Management System (CBMS) for human services benefit programs, and forward a favorable recommendation to the Joint Budget Committee to prioritize and fund this integration project in FY 2022-23. We believe implementing this recommendation will help improve county caseworker efficiency, increase automation, support equitable access to human services benefits, and reduce improper payments.

By way of background, 43 of the state's counties currently use The Work Number via a web portal for the purposes of determining eligibility for human service programs, such as the Supplemental Nutrition Assistance Program (SNAP). The Work Number helps our county caseworkers quickly, securely, and automatically verify an applicant's current employment and income information. Today, the service provides access to over 136 million active employment records from 2.5 million employers nationwide. This employment and income data is provided by employers in real-time every pay period. By moving from a web-based application to an integrated approach, counties will have more equitable access to The Work Number, therefore delivering increased efficiencies for all caseworkers and expediting the delivery of benefits to applicants.

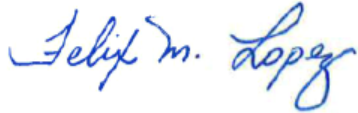
The Colorado Department of Human Services currently withholds County Administration fund dollars from each county that uses The Work Number in order to pay for the service. Therefore, not all counties have chosen to forego County Administration dollars for this purpose. However, if the state executed the integration of The Work Number into CBMS with General Fund dollars, all 64 counties would have more equitable access to this verification system. It is estimated that use of this service delivers nearly \$12 million in annual operational efficiency and over \$9 million in improper payment avoidance.

It is important to note that the Colorado Department of Health Care Policy and Financing currently funds the integrated use of The Work Number for Medicaid and CHIP eligibility determination and redetermination as part of the CBMS. The Department implemented this service statewide in 2021, and initial estimates project an annual savings of nearly \$50 million. We would like to see this operational efficiency replicated for CDHS and the human services programs it oversees.

As the Committee continues to investigate additional means of modernizing the state's IT system, we would like the opportunity to present to the JTC details about how counties use The Work Number today, and how integration into CBMS would benefit all 64 Colorado counties and those applying for vital human service benefits.

Please let us know when this may be feasible given the Committee's busy schedule and feel free to reach out to Gini Pingenot at 720-255-8941 with questions. We look forward to following up with you soon on this important topic.

Sincerely,

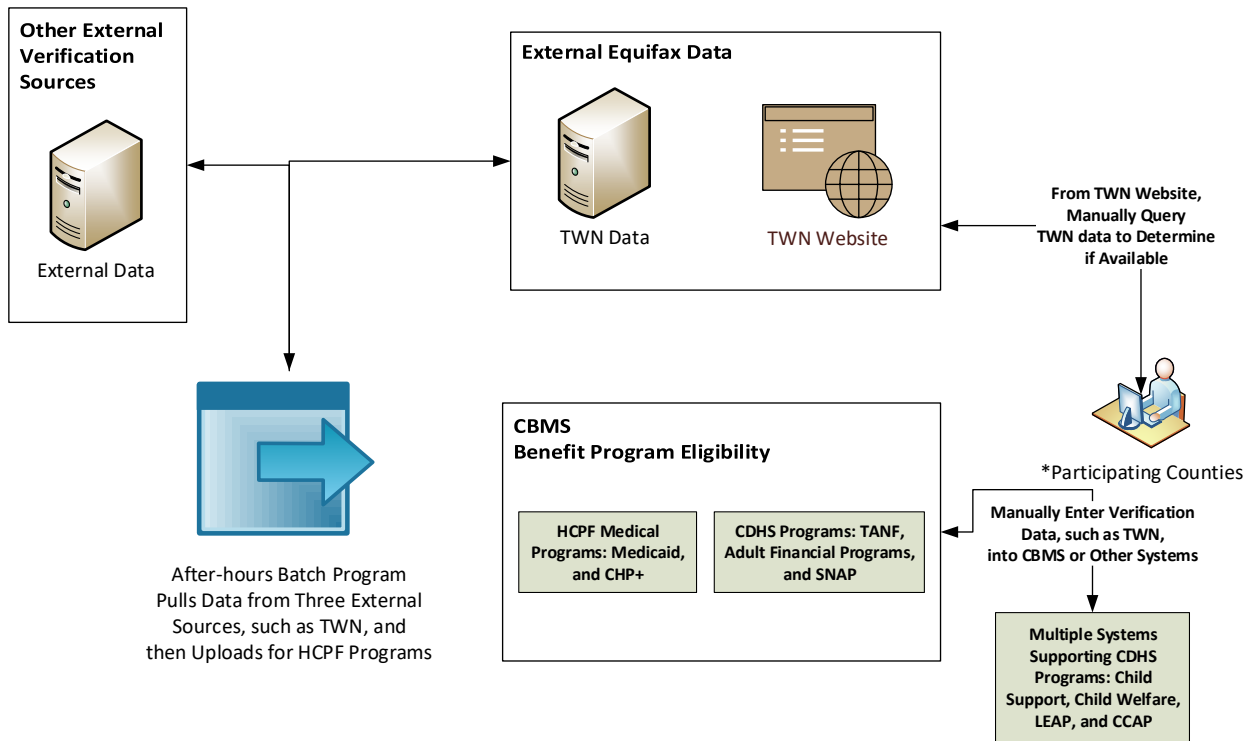


Felix Lopez
Las Animas County Commissioner
CCI Board President



Mary Berg
Jefferson County Human Services Director
CHSDA Board President

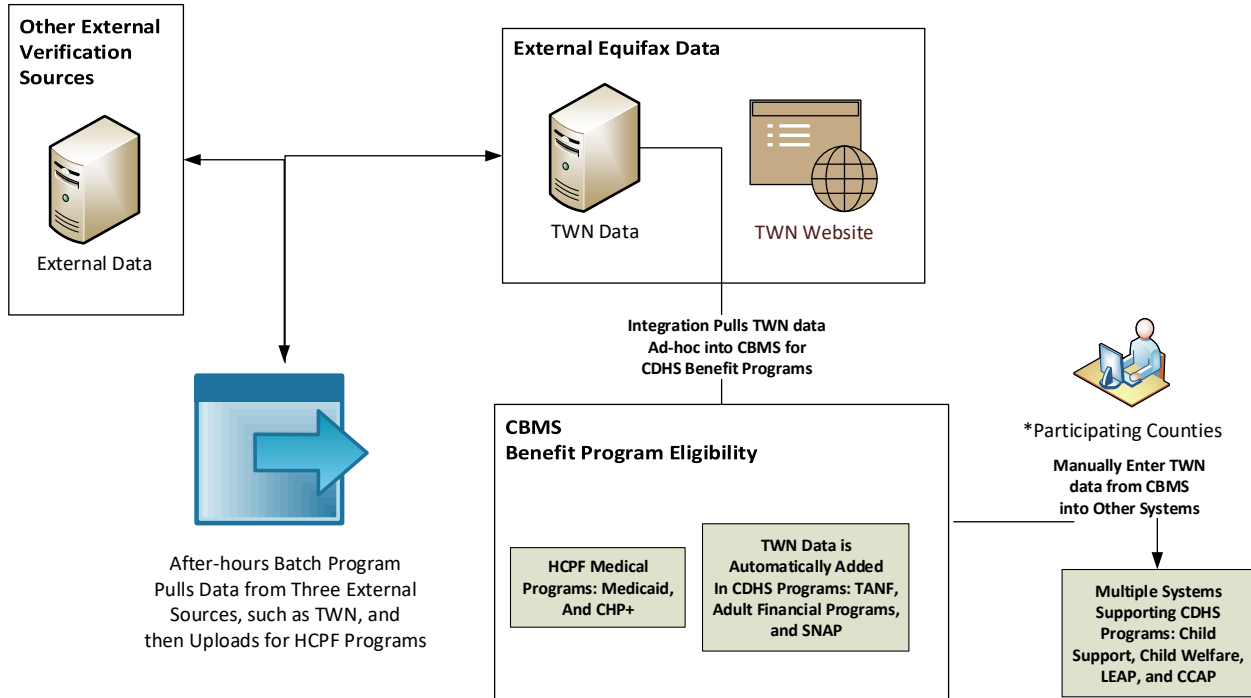
APPENDIX B Current Verification Data Flow



Source: Legislative Council Staff.

*Some counties may elect to continue retrieving verification data through their internal processes, and may continue querying the TWN web portal.

APPENDIX C Proposed Verification Data Flow



Source: Legislative Council Staff.

*Some counties may elect to continue retrieving verification data through their internal processes, and may continue querying the TWN web portal.