

Recommendation 2

Streamline County Assistance Office Operations

There are several ways in which County Assistance Office (CAO) operations can be improved in preparation for the influx of work HR1 will bring to the Medicaid program. We recommend minimally taking the following steps.

1. Increase staff at County Assistance Offices, improve the technology needed to process paperwork, and ensure full access to live, in-person assistance statewide.

The CAOs are suffering from staffing shortages and aging infrastructure. In Philadelphia, clerical staffing rates are at historic lows, two offices were closed and never reopened, and a third was closed and then added to an existing office. Mail delays, both leaving the Department of Human Services (DHS) and coming into CAOs, cause ongoing and significant delays in benefit processing at the CAOs. Customer Service Center call wait times continue to grow, and more than a quarter of calls go unanswered. Customer Service Center wait times are among the longest in the country.¹ Yet these frontline access points, where people can go to get live assistance directly from the CAO, are vital to the proper functioning of public benefit programs.

When CAOs have insufficient staff or resources to get their work done on time and accurately, everyone who uses the CAOs is at increased risk of wrongful denials and benefit terminations, including children, older adults, and people with disabilities. HR1 brings a huge amount of new work to the CAOs. While developing technology to reduce the amount of paperwork moving through the CAOs is commendable, these technologies cannot be implemented quickly enough to meet HR1's demands. HR1's expedited timeline will inevitably lead to more paperwork at the CAOs. They need more staff and well-functioning offices and equipment to handle the influx of paperwork that is coming, keep eligible people connected to benefits, and ensure their doors remain open to those who need them. We urge DHS to take the following actions now, at a minimum, to ensure well-functioning CAOs:

1. Hire and retain staff and prioritize clerical staff hiring. As we understand, there are more unfilled clerical staffing positions than any other and hiring for these positions should be prioritized.
2. Open CAOs to replace those that have closed and to improve accessibility to physical CAOs. Access to live in-person support is necessary for all, but especially important for many people served by DHS, including people with disabilities, low literacy levels,

¹ Georgetown University, Tracking State Readiness to Implement HR1, *available at* <https://ccf.georgetown.edu/2025/08/28/tracking-state-readiness-to-implement-hr-1/>.

limited English proficiency, or limited at-home technology access, and those experiencing crises like domestic violence, urgent medical needs and homelessness. This will be even more important after HR1's rules take effect, which will inevitably lead to confusion and sudden losses of benefits for many who will not understand why the benefit loss occurred or how to get benefits restored without direct guidance from CAO staff. Easy access to live-in-person support is a vital component of well-functioning public benefit programs and should be prioritized.

3. Update and improve technology used at the CAOs, including scanners and copy machines. Scanning backlogs lead directly to wrongful benefit denials, as caseworkers cannot see documents that have been submitted, closing benefits prematurely and causing churn rates to spike. Scanners and copy machines are essential tools in paper application and renewal processing and need to be well-functioning before HR1 takes full effect to give the CAOs a chance to keep up with the surge of paperwork HR1 will bring.
4. Track mailing delays and develop policy to protect benefit applicants and recipients when mailing delays occur. Over the last 6 years, DHS has had multiple issues with its printing or mailing systems that have resulted in serious mailing delays for public benefit applicants and recipients, most recently from November-December 2025. DHS should develop systems to track reports of mailing delays, act on reports of mailing delays by investigating Commonwealth mailing systems, and develop policy permitting applicants additional time to submit documents and appeals when they receive mail late.

2. Automate key systems that are still largely manual

There are several systems that could be automated but are not, meaning that workers must work around the system rather than rely on it to take necessary action. This takes staff time away from other necessary tasks and can lead to errors or delays. Automating these workarounds now will free up staff time to manage the new requirements HR1 imposes. Here are four examples:

Automate resource verification

Everyone over age 65 and every person with a disability is subject to a Medicaid resource test in addition to an income test. Collecting months—and sometimes years—of bank statements and other documents to verify resources can be extremely difficult for anyone, but especially for the groups of people who are subject to Medicaid resource tests. There are a number of steps DHS should take to simplify and automate this verification process, including a) adding asset verification systems into automated ex-parte processes; b) considering SSI receipt in any month as proof of having resources within HCBS asset limits and having transferred no assets in excess of \$500 in that month, because SSI recipients are subject to similar asset evaluations as HCBS; c) until asset verification is fully incorporated into automated ex-parte processes, submitting AVS inquiries before asking individuals for asset verification and considering AVS documentation as verification of assets unless questionable.

Automate eligibility processes that currently require manual work arounds

There are several situations where CAOs must use manual workarounds to correctly process eligibility. DHS should automate those processes and not introduce any new manual workarounds during implementation of HR1. Eliminating manual workarounds—even in categories not affected by HR1 changes—will help free up CAO staff resources to handle the increased workload HR1 brings and reduce the number of incorrect benefit denials and terminations issued by DHS when the need for a manual workaround is missed.

Examples of current manual workarounds that must be automated include: 1) establishing or renewing eligibility for both MAWD and HCBS simultaneously; 2) establishing or renewing eligibility for both HCBS and the Part B Buy-in; and 3) establishing and renewing eligibility for the Part B Buy-in for people entitled to Medicaid as a disabled adult child (DAC).

Automatically suppress confusing notices that the system currently generates

DHS' systems currently generate a number of deeply flawed notices that cause serious confusion and create unnecessary work for the CAOs. Some notices are supposed to be manually suppressed by the CAO but often are not. Others provide misleading information. Examples of notices that should be automatically suppressed (or not generated at all) or corrected include:

- Notices that state ongoing Medicaid has been authorized, when really Interim Assistance was authorized while an appeal is pending.
- Notices that state ongoing Medicaid has been authorized, when really it has been kept on pending appeal.
- Notices that state Medicaid was terminated, when really it was not terminated but the recipient was moved to another eligibility category with the exact same package of benefits.
- Notices that state both Medicaid and HCBS was terminated or denied, when really only HCBS was terminated or denied.

Automate SNAP and Medicaid work requirement exemptions

Many SNAP and Medicaid exemptions are already known to the CAO. This could include individuals receiving Unemployment Compensation for SNAP or people receiving a disability benefit. Automating these exemptions would reduce errors, ease CAO workloads, and ensure that individuals who qualify for exemptions continue to receive SNAP.

3. Reset verification response times to give people additional time to respond to verification requests

Mail delays are a serious issue across the state, but especially in the poorest neighborhoods and in rural communities. When requests for paperwork are received late, people often do not have enough time to respond before Medicaid is cut off. This is an issue advocates have been seeing in our client populations for years, and it is a key contributor to the high rates of Medicaid churn Pennsylvania has had for many years.

When Medicaid work requirements and biannual renewals go into effect, the amount of mail going out to benefit applicants and recipients, and coming back into the CAO, will increase significantly. With this increase in mail volume, it is likely that there will be an increase in delays of mail going out from the CAO and delays in CAO processing of mail coming in. Building in extra time to allow people to respond to mailed verification requests – and in recognition of scanning backlogs due to clerical staff shortages -- will ease the burden on CAOs, reduce Medicaid churn, and keep more people connected to the Medicaid benefits they are eligible to receive.

4. Enhance access to Medicare Savings Programs

While HR1 places a moratorium on implementation of some provisions of the 2023 “Streamlining Medicaid; Medicare Savings Program Eligibility Determination and Enrollment” final rule, most of those provisions are still available to DHS as state options to improve access to Medicare Savings Programs (MSPs).²

DHS should take these options to help eligible people enroll in MSPs. By covering Medicare premiums and cost-sharing, MSPs improve affordability and access to care for low-income Medicare beneficiaries. Without these supports, many low-income Medicare recipients delay care or face medical debt. MSPs are historically underutilized. More than 40,000 Pennsylvanians are estimated to be eligible for, but not enrolled in, MSPs.³

Despite having relatively stable financial situations, low-income Medicare recipients often face challenges obtaining or retaining MSP benefits because of paperwork barriers and verification requirements. Taking up the portions of the 2023 rule that are still options despite HR1 will ease these burdens as well as burdens on CAO eligibility staff. Key policies DHS should adopt include:

1. **Aligning MSP family size definitions, and income and resource counting rules with Part D low-income subsidy (LIS) rules.** DHS is still required to use LIS (LEADS) data to initiate an MSP application. Aligning the eligibility rules will make the MSP application and approval process more efficient and effective.
2. **Accept self-reported information on dividend and interest income, non-liquid assets and life insurance policies.** These are all income and resource types for which the value can easily be obtained by a recipient with a phone call to, for example, a life insurance company. But getting documentation of that same information is a burdensome and lengthy process.

² Center on Budget and Policy Priorities, Medicaid Eligibility and Enrollment Rules Lay Framework for Program Improvements States Can Still Adopt, Despite Moratorium (September 24, 2025), available at <https://www.cbpp.org/research/health/medicaid-eligibility-and-enrollment-rules-lay-framework-for-program-improvements>.

³ KFF Help with Medicare Premium and Cost-Sharing Assistance Varies by State, (April 20,2025) available at <https://www.kff.org/medicare/help-with-medicare-premium-and-cost-sharing-assistance-varies-by-state/>.