

OKLAHOMA PIONEERS ALL ELECTRONIC BENEFITS DISBURSEMENT STRATEGY



\$1,075,200¹ ANNUAL SAVINGS BY PAYING BENEFITS ON THE OKLAHOMA DEBIT MASTERCARD® CARD

EXECUTIVE SUMMARY

Background

- Oklahoma Department of Human Services (OKDHS) provides a wide variety of human services and programs
- High costs and complexities disbursing multiple entitlement and custodial payments via checks and other payment platforms

Challenge

- Reduce costs and fight fraud by eliminating lost, misdirected and returned checks
- Provide clients that have no bank account with an electronic payment alternative
- Improve communications and coordination between OKDHS divisions serving the same clients

Solution

- One card – Oklahoma Debit MasterCard® Card – to deliver multiple benefit payments
- ACS, a Xerox company, as the payment processor and program manager, Comerica Bank as the card issuer, and MasterCard as the financial network

Results

- 150,000 Oklahoma Debit MasterCard® Card cardholders, three times the number of clients using direct deposit²
- Multiple program benefits delivered on one card
- 869,000 clients served electronically with annual electronic payments totaling more than \$1.2 billion³
- \$1,075,200 in annual savings by delivering benefit payments on the Oklahoma Debit Mastercard® Card



MasterCard
Worldwide

BACKGROUND

The Oklahoma Department of Human Services' (OKDHS) mission is to help individuals and families in need help themselves lead safer, healthier and more independent and productive lives. The agency does this by providing a wide range of human services – from child support and child care licensing to nutritional assistance, as well as programs for seniors and persons with developmental disabilities.

The challenge for OKDHS in offering such diverse programs was trying to manage the distribution of the multiple entitlement and custodial payments through a variety of platforms, ranging from Temporary Assistance for Needy Families (TANF) on EBT cards to child support and other state benefits through checks.

According to OKDHS, it was a costly and complex administrative process that had the potential to impact how quickly and efficiently the agency could serve its clients and carry out its mission.

OKLAHOMA'S MULTI-CARD TIMELINE

April 2007	Started with child support
May 2007	Added TANF
September 2007	Added Aged, Blind & Disabled (AB&D) state supplemental
January 2009	Added sales tax rebates
October 2009	Added adoption assistance

CHALLENGE

As the number of clients receiving benefits – especially multiple payments from different OKDHS divisions – increased, it became clear that Oklahoma needed to improve inter-agency coordination, streamline processes and reduce costs while simultaneously improving the ability to better serve clients.

Detailed by the agency's Director and other leaders, an initiative was begun to streamline processes and achieve specific objectives, including:

- Reduce costs from printing and mailing checks, which required special paper for warrants, envelopes, postage, pre-sort and staff time that

combined averaged \$3-\$4 per check⁴

- Provide clients that have no bank account with an electronic payment alternative
- Fight fraud and eliminate lost, misdirected or returned checks
- Improve communications and coordination between OKDHS divisions serving the same clients

SOLUTION

In 2006, OKDHS issued a request for proposals for an all electronic payment system using a prepaid debit card. After a review, the agency selected ACS, a Xerox company, as the payment processor and program manager, Comerica Bank as the card issuer, and MasterCard as the financial network.

Offered as the single electronic platform for prepaid debit card payments, the Oklahoma Debit MasterCard® Card became the default payment option for clients with the option to switch to direct deposit – checks were completely eliminated. While increasingly more popular with states, the decision to make the debit card the default option was a bold step by OKDHS at the time. However, the agency felt strongly that the following advantages to its clients were significant and worth the dramatic change:

- Safer, faster and more convenient form of payment for clients
- Consolidates multiple benefit payments for one client or family onto one card
- Purchases and cash-back from millions of retailers that accept Debit MasterCard
- Get cash at millions of ATMs and branch locations that accept Debit MasterCard
- MasterCard Zero Liability protection against unauthorized transactions*

A key to the successful launch and ongoing growth of the card has been the comprehensive outreach by OKDHS to educate everyone involved in using, processing or advocating the card.

The agency's first step was to notify clients four months in advance with informational mailings as well as alerting state legislators about the change and resulting benefits to OKDHS clients in case any of them called their representatives. OKDHS also sent signage and other information to banks and retailers so they could assist clients with transactions.

OKDHS ensured its clients had a range of resources to help them understand the card's features, how to

“ The secret to our success was galvanizing the different OKDHS divisions, programs and related agendas to focus on serving the needs of our common clients as efficiently as possible. The branded debit card not only simplifies the distribution of payments, but also creates a common thread of information among the divisions so clients can call one of them about an address change or other account issue and it will be communicated to all the others. ”

Phil Motley
Chief Financial Officer
Oklahoma
Department of
Human Services

use it and access information about their account – ranging from an online portal and toll-free telephone line to instructional videos, Q&A documents and one-on-one meetings in OKDHS offices.

In addition, if a card is returned or is not pinned and used within 90 days, all funds are expunged and returned to the state which triggers a report in the system for a case worker to contact the client – a unique feature for debit card programs to ensure clients are receiving and accessing their benefits.⁵

“ While the cost savings and administrative automation are critical, it’s eliminating the small and large roadblocks or hassles in our clients’ lives that is the most important objective for us and why we think the branded card rocks and makes us huge believers in the whole state card. ”

Phil Motley
Chief Financial Officer
Oklahoma Department of Human Services

RESULTS

In a very short time, OKDHS has realized tremendous results – both financially and operationally for itself, as well as in providing better service to its clients. Results that speak loudly.

To date there are 150,000 Oklahoma Debit MasterCard® Card cardholders, three times the number of clients using direct deposit. In terms of the number of clients served and transactions completed on the debit card:

- 82,528 individuals receive AB&D state supplemental (monthly average)⁶
- 82,339 individuals received sales tax rebates (in 2008)⁷
- 9,094 families receive TANF (monthly average)⁸
- 11,303 children receive adoption assistance (monthly average)⁹
- 59,600 custodial parents receiving 168,700 child support deposits (monthly average)¹⁰

Not only are the numbers of clients and transactions

way up, but so are the savings for OKDHS. By no longer having to pay to print and mail checks and go through an audit and reissuing process for lost or stolen ones, OKDHS has realized significant annual savings across the multiple programs on the card, including:

- TANF - \$226,800¹¹
- Child support - \$510,000¹²
- AB&D state supplemental - \$292,000¹³
- Sales tax rebates - \$26,000¹⁴
- Adoption assistance - \$20,400¹⁵



Perhaps even more impressive is that OKDHS supports its electronic payment platform that serves 869,000 Oklahomans’ with only three employees, underscoring the true operating leverage that electronic automation brings to benefit payments.¹⁶

CONCLUSION

Based on the results and the number of ‘industry firsts’ it has achieved, it’s no secret that Oklahoma is viewed as a pioneer and innovator in the multi-card approach for consolidating electronic state benefit payments and is now regularly tapped to present at industry conferences and showcase its system to other states.

As evidence of the rapid growth of the OKDHS electronic payment platform, in 2009, nearly 1.2 million Oklahomans – approximately one third of the state’s total population – received a service from OKDHS, reflecting the trends of rising unemployment, higher health care costs, foreclosures and depleted pensions that were impacting residents throughout the state.¹⁷ Of that amount, 869,000 of them were served electronically with annual electronic payments totaling more than \$1.2 billion.



FOR MORE INFORMATION, PLEASE CONTACT YOUR MASTERCARD ACCOUNT REPRESENTATIVE.

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