

HIGH IMPACT
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Consulting & Training
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June 2, 2014

**Funding System
Re-Design for
Ohio's
Employment First
Initiative: Review
of Promising
Models from
Other States**

FUNDING SYSTEM RE-DESIGN FOR OHIO'S
EMPLOYMENT FIRST INITIATIVE

OHIO DEPARTMENT OF DEVELOPMENTAL DIABILITIES

PROJECT OBJECTIVE #1

Provide DODD with a comparison of funding structures from multiple states with high rates of integrated employment, including at least one state with a local tax base funding structure.

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Key Principles for Establishing a Funding System to Support Employment First:

“All people, regardless of severity of their disabilities, are entitled to integrated employment with the correct job match and supports, and have a responsibility to give back to society.”

Allan Bergman, The Employment First Imperative, June 26, 2013

- *The system should be based upon a presumption of competency, employability and “zero reject” for each person with a disability, regardless of complexity*
- *The system should be primarily focused on producing and maximizing individualized, integrated, employment outcomes at competitive wages*
- *The system should reward providers for best practice implementation of Individual Supported Employment*
- *The system should require provider standards and staff training/certification to assure equal statewide access to and opportunity for Individual Supported Employment.*
- *The system should encourage and incentivize providers to support new individuals to enter Individual Supported Employment*
- *The system should encourage and incentivize providers to ensure individuals already employed in Individual Supported Employment maintain their jobs, increase their hours and advance in their careers at appropriate times*
- *The system should not create a financial incentive to provide alternative day and employment services in lieu of Individual Supported Employment*
- *The system should mitigate, to the maximum extent possible, any disincentives to serving individuals with more significant barriers to employment or support needs*
- *The system should allow unanticipated changes in support needs of Individual Supported Employment participants to be quickly and effectively addressed by providers*
- *The system should recognize and financially support individual differences in intensity of supports over time as well as state documented geographic cost differentials in order to promote Individual Supported Employment for all persons living in the state*
- *The system should allow for exceptions with clear and appropriate requirements for granting exceptions and reviewing the exception status over time*
- *The system should include transparent and easy-to-understand rationale for reimbursement rates and payment methodologies.*

Part One: Outcome-Based Reimbursement Models

Introduction

As states adopt Employment First policy and seek to increase the percentage of working-age individuals with disabilities who are participating in integrated employment at competitive wages, a review of existing policies and reimbursement methodologies for employment and related services is recommended to ensure successful outcomes.

As part of Ohio's funding system re-design to support Ohio's Employment First Initiative, this paper discusses the concept of outcome-based reimbursement for employment services and describes three models of outcome based reimbursement developed in three different states: Oklahoma, Wisconsin and Oregon.

The Limitations of Fee-For-Service Reimbursement for Supported Employment

Historically, Medicaid programs have been operated on a fee-for-service basis. This has not always been well aligned with the delivery of Supported Employment services for a number of reasons:

- A fundamental expectation in supported employment is that on-the-job supports (job coaching) will fade over time. If providers are reimbursed based on hours of service, there is no financial incentive to get people jobs where fading is possible: namely jobs that are well-matched to a person's abilities in workplaces where natural support potential exists. There is also no incentive to implement effective strategies to fade once a person is on the job. The provider experiences a reduction in funding by doing these things. In contrast providers who do poor job matching and who do not implement strategies to fade experience no reduction in funding.
- Many fee-for-service approaches allow billing only for face-to-face service delivery, which is not desirable for many aspects of supported employment services. We know that the critical, early stages of job development are typically done without the individual present. It is also the case that once an individual is settled into his/her job, the most effective supports are often the least intrusive, involving check-ins with the individual and the employer, and other assistance provided most cost effectively through the delivery of support that is not face-to-face. A policy that allows billing only for face-to-face can encourage unnecessary and potentially intrusive supports while discouraging the use of supports that may not be face-to-face but may be more appropriate and more cost effective. Providers who invest in and learn to use innovative technology to provide supports via cell phones, Skype, etc. are not rewarded for adopting these approaches in a fee-for-service arrangement.

- The fee-for-service approach includes no incentives to increase the hours that supported employees work, particularly if this can be done without increasing the need for on-the-job supports. Low hour jobs in supported employment are a chronic problem nationally and it appears that incentives are needed to reverse this trend. Increasing the hours that people work is not rewarded in a fee-for-service approach that pays service hours delivered by the provider.
- A fee-for-service approach does not include strong incentives for providers to prevent job loss and there are often difficulties with providers getting timely approvals from case managers to increase job coaching hours to prevent a job loss. This means the provider either chooses to provide the extra supports without having a way to get reimbursed for that emergency support or the provider awaits the authorization by which time the supported employee may have lost his/her job.
- A fee-for-service approach to job development/placement does not reward providers for achieving the outcome in an efficient manner. The longer it takes a provider to find a person a job, the more revenue they receive. In contrast, providers who are highly competent in doing job development/placement and who get people jobs in less time are rewarded with a lower reimbursement.

Ultimately, a fee-for-service approach to purchasing supported employment services is likely to result in the most capable organizations, which require the least hours to deliver the service due to their capabilities, ending up with the least billable hours and thus the lowest reimbursement for their work. This means the more capable organization receives less funding as a result of being more capable.

New Opportunities to Utilize Outcome-Based Reimbursement for Supported Employment

In September of 2011, CMS issued new guidance regarding supports for integrated employment under Medicaid 1915c waivers. They clarified that states can adopt innovative approaches to purchasing Individual Supported Employment services, including payments based on milestones or outcomes. CMS said:

“Statewide rate setting methodologies, which are further described in I-2-a of the waiver application may be used to embrace new models of support that help a person obtain and maintain integrated employment in the community. These may include co-worker support models, payments for work milestones, such as length of time on the job, number of hours the participant works, etc. Payments for work milestones are not incentive payments that are made to an employer to encourage or subsidize the employer’s hiring an individual with disabilities, which is not permissible.”

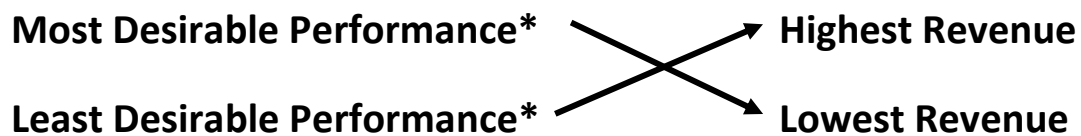
[Source: September, 16, 2011 CMS Informational Bulletin]

Since that time, interest has grown around developing outcome-based approaches to funding employment services under Medicaid waivers. In an outcome-based model, best practice service delivery and outcomes are both rewarded financially. In regard to outcomes, full employment (or maximizing the hours a supported employee works) generates increased **gross** revenue to the provider. In addition, maximizing fading of supports results in the provider experiencing an increase in **net** revenue, even if the hours worked by the supported employee are not increased. The table below illustrates how a funder’s most desired outcomes can be aligned with the net revenue that providers receive for achieving those outcomes.

Reimbursing Based on Hours of Work by the Supported Employee

CHANGE IN EMPLOYMENT AND SUPPORT CIRCUMSTANCE	REVENUE FOR PROVIDER	COST TO PROVIDER	FUNDER'S DESIRED OUTCOME #1=Most #9=Least	(+) NET REVENUE CHANGE FOR PROVIDER #1=Most #9=Least
Hours Worked ↑ Supports ↓	Increases	Decreases	#1	#1
Hours Worked ↑ Supports Same	Increases	No Change	#2	#2
Hours Worked Same Supports ↓	No Change	Decreases	#3	#3
Hours Worked ↑ Supports ↑	Increases	Increases	#4	#4
Hours Worked Same Supports Same	No Change	No Change	#5	#5
Hours Worked ↓ Supports ↓	Decreases	Decreases	#6	#6
Hours Worked ↓ Supports Same	Decreases	No Change	#7	#7
Hours Worked Same Supports ↑	No Change	Increases	#8	#8
Hours Worked ↓ Supports ↑	Decreases	Increases	#9	#9

Outcome-based reimbursement allows supported employment funders and providers to move away from this:



Outcome-based reimbursement allows supported employment funders and providers to move toward this:

Most Desirable Performance* —————→ **Highest Revenue**

Least Desirable Performance* —————→ **Lowest Revenue**

*Note: Performance is defined as the ratio of hours the person works to the hours of paid supports the person needs to work those hours. Most desirable performance is defined as highest ratio of hours worked to hours of paid support needed to do the work.

According to well-known leadership trainer, John E. Jones “what gets rewarded gets repeated. It seems likely that low integrated, supported employment rates across the country and disappointingly poor outcomes like low hours worked and high long-term support levels can be at least partly attributed to reimbursement models that have not rewarded providers for increasing the number they serve in individual supported employment, and have inadvertently penalized providers who produce the best outcomes for individuals served. A shift to outcome-based reimbursement creates an opportunity to establish a dramatically different funding relationship with providers.

The Oklahoma Model

The Oklahoma outcome-based reimbursement model is used for Individual and Group Supported Employment services delivered under the Oklahoma 1915c Medicaid waiver for individuals with developmental disabilities (DD). Oklahoma has 19 years of experience with this model, having developed it in 1995. Prior to this, rates for supported employment services were based on service delivery time and a provider’s costs for direct service time associated with these three service categories.

No doubt, the DD agency’s very early move to develop and implement an outcome-based reimbursement model for supported employment was influenced by the fact that the Oklahoma Vocational Rehabilitation agency pioneered milestone and outcome payments in vocational rehabilitation, a practice that has now become standard in VR agencies across the country. The Oklahoma DD agency’s model has contributed to the agency leading the country in the percentage of individuals with DD receiving day or employment services who are working in supported employment.¹ As of 2013, the percentage had risen to 62%.

¹ Supported employment includes both individual and small group. Oklahoma leads the country in terms of the percentage of individuals with I/DD receiving employment and day services who are working for pay in supported employment as a whole. Washington leads the country in terms of the percentage of individuals with I/DD receiving employment and day services who are working for pay in individual supported employment. It is important to note that Washington’s percentage of individuals receiving Supported Employment services includes a substantial number of people who are receiving job development services and are not yet working in supported employment.

Reporting Year	1996	1999	2001	2004	2007	2008	2009	2010
% receiving supported employment services of those receiving at least one day or employment service	35%	37%	39%	54%	61%	55%	60%	61%

Source: State Data: The National Report on Employment Services and Outcomes (2011).

Oklahoma developed the model to address the financial disincentives to implement effective and efficient supported employment services that existed in their former fee-for-service approach. For each participant in small group supported employment and individual supported employment, providers are paid a flat rate for every hour that the individual works.

Policy Context: Funding Model Designed to Support Employment First Policy

A 1980's lawsuit focused on moving people from a state-run institution to the community first created the focus on employment as the priority in Oklahoma. This led to an expectation that every individual served by the state DD agency would participate in full-time employment (defined as 30 hours a week of employment). The parties and the court overseeing the settlement agreed that employment would be the expectation, even for people with significant disabilities and medical needs. This expectation still remains in state policy with a firm preference for Individual Supported Employment over other types of employment. The following is taken from the state DD agency policy manual:

There are many employment service options available. The options given in this subsection are not a continuum, but are prioritized as most desirable by people with and without disabilities. Provider agencies assess each service recipient in maximizing employment options.

(1) The optimum goal is full-time employment at prevailing wage in business or industry at an occupation of the service recipient's choice with natural supports. If prevailing wage is not available, then employment is at minimum wage with or without paid supports.

(2) If a service recipient cannot secure enough work hours through a single job of the service recipient's choice, then two part-time jobs or a job that is not the service recipient's first preference may need to be sought to equal a full-time job.

(3) If a fully integrated placement is not currently available, employment of the service recipient's choice in an enclave in a business or industry, with or without paid supports, is an option.

(4) If there are no paid jobs to be found, temporary unpaid training or volunteer service in accordance with United States Department of Labor regulations, with or without paid supports, may be an option for the purpose of resume building or job exploration, or temporary participation in real work in a center-based setting can be obtained.

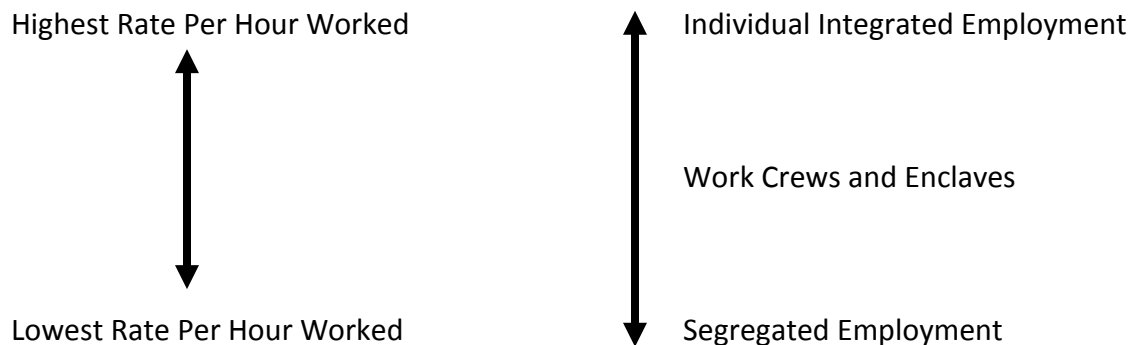
Source: Oklahoma Administrative Code 340:100-17-1. Scope and applicability of employment services

Under Oklahoma DD agency policy, an exception to policy is required for anyone receiving residential supports who will not be engaged in at least 30 hours of employment services per week. In addition, center-based services (e.g. sheltered work) cannot exceed 15 hours per week without an exception. Currently 55% of individuals with I/DD receiving employment and day services participate in center-based employment as compared to 61% participating in supported employment.² If people will not participate in anything but center-based services, the exception process requires explanation of how community integration is ensured for the person. The exception policies are extremely detailed and require extensive documentation for approval [See Appendix A].

Oklahoma instituted Adult Day services in 2005 to address people of retirement age. Some people who are medically fragile also use this service but it is primarily a service to support retirement. Utilization of Adult Day requires an exception to policy for anyone under age 62. To further ensure community integration in providing retirement supports, Oklahoma DDSD requires that Adult Day services be provided only by agencies that have a contact with the Area Agencies on Aging. Currently 29% of individuals with I/DD receiving employment and day services participate in community-based Adult Day services as compared to 61% participating in supported employment.³ As a matter of policy, Oklahoma funds no facility-based Adult Day services and never has.

Policy Goals Reflected in Funding Model

In line with the Oklahoma DD agency’s philosophy and expectations, which include a preference for full employment and maximum community integration, this reimbursement strategy provides higher rates for supported employment as compared to rates for participation in center-based settings. This rate system also provides higher rates per hour worked in individual supported employment as compared to rates per hour worked in small group supported employment (work crews and enclaves).



² Source: State Data: The National Report on Employment Services and Outcomes (2011).

³ Source: State Data: The National Report on Employment Services and Outcomes (2011).

Current Reimbursement Rates:

In reflecting on Oklahoma’s current reimbursement rates, it’s important to keep in mind that Oklahoma has the lowest cost of living nationally.⁴ Ohio is ranked #14 nationally, indicating that 13 states have a lower cost of living while 36 states have a higher cost of living. It’s also important to note that in Oklahoma, individuals may have a mix of employment services in their plans; but the annual cost for employment services may not exceed \$27,000 per individual. This cap permits participants to work up to 30 hours per week in individual supported employment.

Prevocational Services	Small Group Supported Employment	Individual Supported Employment
Unit = Hour of Participation	Unit = Hour of Employment	Unit = Hour of Employment
Center-Based: \$4.84	Job Coaching = \$12.92 Group Regular Rate (Group Size 2 to 8)	Job Coaching = \$17.20 Supports > 20%
Community-Based 1:1 = \$15.68	Job Coaching = \$15.04 Group Enhanced Rate (Group Size 2 to 8)	Stabilization = \$5.36 Supports 20% or less Paid for 24 months (can be extended if justified)
Community-Based = \$9.68 (Group Rate 1:5 maximum)	No Stabilization or Post- Stabilization Phases	Post-Stabilization PRN Support = \$23.48 paid per hour of service
Community-Based = \$12.92 (Enhanced Group Rate)		
Center-Based Supplemental Support = \$12.20		

Supports to Enter Individual Supported Employment

When an individual is initially supported to enter individualized, integrated employment, assessment, job development and supports to stabilization are available either through the Department of Rehabilitation Services (VR) or through the DD agency. Payment structures differ depending on which system is funding these initial services.

⁴ <http://www.cnbc.com/id/100824779>

- The DD agency pays hourly for these services. The current rate is \$23.48/hour.
 - Assessment is authorized for 20 hours at \$23.48/hour
 - Reimbursement for Job Development is 40 hours at \$23.48/hour. This is not paid to the provider until the individual has been on the job for three months, working at least 15 hours per week.
 - On the job stabilization can last up to six weeks and can provide up to 100% job coaching support during that time.
 - Stabilization is considered to be achieved when a person sustains employment with 20% or less job coaching supports for a period of four consecutive weeks.
- The VR agency uses milestone payments to reimburse for these initial services. They have two tiers of milestone payments: a regular rate tier and a high needs tier. This helps ensure that providers are able to serve individuals with higher needs and more significant barriers to employment. There are six supported employment milestones available through Oklahoma VR.

Regular Rate:

AS Milestone: Assessment and Career Planning \$ 625
 (Optional) VP Milestone: Vocational Preparation \$ 625
 PL Milestone: Job Placement \$1,688
 R4 Milestone: 4 Weeks Job Support \$2,250
 R8 Milestone: 8 Weeks Job Support \$1,688
 ST Milestone: Job Stabilization \$2,125
 EM Milestone: Successful Employment \$2,875

Highly Challenged Rate:

AS Milestone: Assessment and Career Planning \$ 625
 (Optional) VP Milestone: Vocational Preparation \$ 625
 PL Milestone: Job Placement \$3,125
 R4 Milestone: 4 Weeks Job Support \$1,875
 R8 Milestone: 8 Weeks Job Support \$1,875
 ST Milestone: Job Stabilization \$2,125
 EM Milestone: Successful Employment \$4,125

Note: Oklahoma DRS also funds Group Supported Employment placements. Milestone payments are 25% of individual supported employment placement milestones described above.

Supported Employment Stabilization is considered to be met when the individual has worked successfully for a total of twelve (12) weeks, or seventeen (17) weeks for individuals who are highly challenged, beginning with the first day of employment and has received all appropriate support services. Only weeks where the hours worked meet the weekly work goal as identified in the Individual Plan for Employment (IPE) are counted toward the completion of the milestone. To achieve job stabilization the individual must work at least two (2) entire shifts without EC support in one (1) week.

The employer is satisfied with the individual’s job performance and the individual is satisfied with the job.

When individuals with DD transition from Oklahoma VR to long-term support funded by the DD agency, they go directly into the Individual Supported Employment Stabilization Phase described in the table above. Given this, and the requirements for stabilization established by Oklahoma VR, only individuals expected to be able to achieve this level of job independence are typically referred to and served by Oklahoma VR.

DD Agency Outcome-Based Rates Underpinned by Service Delivery Costs

To ensure appropriate outcome-based rates are established, the flat rates per hour worked by the supported employment participant are based on the actual cost of delivering the service and the average amount of service anticipated to be needed by those participating in the service. The actual costs were determined by averaging provider reported costs from a representative sample of providers. Costs in four categories were factored into the calculation of overall provider costs:

- Direct staff support
- Program management
- Staff mileage
- Administration and general

By way of example, what follows here is a breakdown of the methodology used to arrive at the rate per hour worked for those in Individual Supported Employment.

Oklahoma DDSD Employment Services Pricing Methodology

Individual Placement in Job Coaching	Average Annual Placement Cost	Rate Per Hour Worked by Participant*
Direct Staff Support**	\$8,385	\$8.385
Program Management***	\$3,225	\$3.225
Staff Mileage	\$2,795	\$2.795
Administration & General Expenses	\$2,795	\$2.795
Total Costs	\$17,200	\$17.20

Assumption #1:

Weeks Worked Per Year by Participant	50
Average Weekly Hours Worked by Participant	X20
*Average Annual Hours Worked by Participant	1,000

Assumption #2:

Average % of Job Coaching Support	60%
<u>Average Annual Hours Worked by Participant</u>	<u>X1,000</u>
**Average Annual Coaching Support Hours	600

Notes: Job coaching rate applies for individuals receiving supports in the range of 21% to 100%. Different "stabilization" rate applies for individuals receiving 20% or less supports.

Assumption #3:

Average Weekly Program Management Hours =	3
<u>Weeks Worked Per Year by Participant</u>	<u>X50</u>
***Average Annual Program Management Hours =	150

Average Annual Placement Costs are based on the following costs:

(1)	Job Coach Average Wage	\$11.12/hour
(2)	Job Coach Average Benefits	\$ 2.86/hour
(3)	Program Mgmt. Average Salary	\$16.93/hour
(4)	Program Mgmt. Average Benefits	\$ 4.57/hour
(5)	Staff Mileage Average Cost	\$55.90/week

Conversion of Outcome-Based Rate to Service Hour Rate:

The rate per hour worked (\$17.20) can be converted back to a rate per hour of job coaching service. This assumes 60% on-the-job support is being provided. For example, if an individual is working 20 hours per week, the provider receives \$344 per week (\$17.20 X 20 hours). The provider delivers 12 hours of job coaching (60% support). The reimbursement per hour of job coaching works out to \$28.66 in the Oklahoma model.

Reflections on Oklahoma Model

The Oklahoma merits serious consideration for two important reasons. First, the model has been operating for nearly twenty years. Second, the model has consistently resulted in the state achieving one of the highest, if not the highest, rate of individuals with DD receiving day or employment services who work in individual, integrated employment. Oklahoma’s model is also attractive because of its strong emphasis on and expectation of work, and the commitment to ensuring individuals have a full week (30 hours) of support. Oklahoma has also been very successful in supporting case managers and service planning teams to effectively manage utilizations and implement the spirit and letter of state policies. All authorizations also require prior approval which helps ensure the intent of the state policy and funding structure is realized.

There are some issues however, that have caused other states (e.g. Wisconsin and Oregon discussed later in this paper) to create similar but not identical models to the one in Oklahoma. The key issues include:

- The use of a flat rate per hour worked that does not take account of level of disability or length of time on the job.
- The payment rates for group models, which are not adjusted to reflect staffing ratios permitted in these models and which consequently create a financial incentive for providers to offer group models over individual supported employment.
- The model incentivizes hours worked but does not include a mechanism to incentives wage rates or career advancement.
- The model establishes statewide rates which does not take account of economic differences in various regions of the state which have direct impact on provider service delivery costs.

Oklahoma DDSD personnel report no current plans to adjust rates. They currently have no formal policy in place that focuses on the expectation that people in Small Group Supported Employment will transition to Individual Supported Employment. They encourage this through the individual service planning process but recognize this strategy has not had the desired impact. Finally, while policy limits the number of hours an individual can be in a center-based prevocational setting (e.g. sheltered workshop), the state has no policy limiting the time a person can be in this type of setting. However, unlike many other states, Oklahoma does have a set of rates that support community-based prevocational services. These service models include support for volunteering and can include supports for vocational-technical training.

Note:

“Contracts with Industry” is another strategy used in Oklahoma to support Individual Supported Employment placements. In this model, Oklahoma DDSD enters into a direct relationship with an employer to provide on-the-job training and supports in lieu of a supported employment agency. While this option is not used by a large number of DDSD participants, it is particularly beneficial in some situations. (See Appendix B for the administrative code language addressing this option and an article describing this option.) In its September, 2011 Informational Bulletin, CMS provided guidance to states that now gives them the option to contract directly with employers and co-workers for supported employment services so long as the payments are for supports and not incentives to hire individuals, and that the supports reimbursed are above and beyond what would otherwise be provided to an employee without a disability.

The Wisconsin Model



The Wisconsin outcome-based reimbursement model for supported employment was developed in 2011 and 2012, using the Oklahoma model as its foundation.

Wisconsin's long-term care system is operated through managed care. The state has nine regional, non-profit managed care organizations (MCOs) that are under contract with the state to administer Medicaid waiver long-term care services under a capitated rate system. Populations served include frail elderly, individuals with physical disabilities and individuals with developmental disabilities. All populations have access to a common set of services that include supported employment. Each MCO is responsible for contracting with an adequate provider network and setting rates for services that are appropriate for the geographic area in which they are operating. There is no requirement that providers of like services are paid identical rates, although rate standardization is something many of the MCOs have implemented within their service areas.

The outcome-based reimbursement model was developed through a workgroup process involving supported employment providers and sponsored by *Community Care of Central Wisconsin* (CCCW), the central Wisconsin regional MCO. The model is being implemented by CCCW and most recent state level data shows this MCO has the highest rate of integrated supported employment participation in the state.

The MCO was motivated to develop the model because they recognized that in paying for supported employment based on hours of service, they were not incentivizing providers to do effective job training, engagement of natural supports, and implementation of assistive technology that could together allow for the fading of the job coach. They also recognized that the Individual Supported Employment providers producing the best outcomes (high hour jobs; long-term employee stability; and maximum fading) were experiencing an on-going reduction in funding from the MCO, while those providers who were producing the poorest outcomes did not experience this reduction in funding. One of the best providers commented: "We can't keep doing this. We are putting ourselves out of business by doing a good job." In addition, the authorizations based on hours of service caused problems when a supported employee unexpectedly needed some additional on-the-job supports. Providers reported consistent problems getting care managers and teams to respond in a timely manner and approve authorizations for temporary increases in supports. This led to some individuals losing their supported employment positions, whereas this could have been avoided under a different payment model.

In reviewing and considering the Oklahoma model, the stakeholder group concluded that a model should be developed which could account for the level of disability of each individual being supported so there would be no disincentive to serve individuals with more significant support needs and barriers. They also agreed that the model would better ensure cost-effectiveness and encourage providers to bring new people into supported employment if the outcome-based rates could also reflect the length of time each person has been on their job.

Time on Job 	0-11 Months	12-24 Months	25+ Months
 Level of Disability			
Tier 1			
Tier 2			
Tier 3			
Tier 4			

In order to develop a model with this level of sophistication, there was a need to establish anticipated support levels for people with varying levels of disability and at various points in the life of their job. Support levels were defined as the percentage of time an individual worked where provider support (either face to face or on behalf of the individual) was needed to ensure the individual maintained his/her employment.

A matrix was created that established four tiers of disability and three phases of employment. Tier 1 represents individuals with the most significant disabilities and support needs while Tier 4 represents individuals with the least significant disabilities and support needs.

To establish a method of placing individuals into the appropriate tiers, the MCO utilized data from the state’s Functional Screen. This is a level of care assessment similar to the Supports Intensity Scale, which Wisconsin created to:

- Determine eligibility for long-term care
- Determine which eligible individuals meet institutional level of care and which do not
- Determine the per-member, per-month capitated rates paid to each MCO.

Monthly Budget Amounts	Low	High	Difference
Tier 1	\$7,927.00	\$10,502.00	\$2,575.00
Tier 2	\$5,351.00	\$7,926.00	\$2,575.00
Tier 3	\$2,775.00	\$5,350.00	\$2,575.00
Tier 4	\$199.00	\$2,774.00	\$2,575.00



The comprehensive Functional Screen assesses individual support needs in a wide range of areas including supports for employment. The employment section is not a comprehensive indicator of support. For example, it does not duplicate support needs addressed elsewhere on the Screen (e.g. transportation, behavioral supports, etc.). Therefore, data from the entire Screen was deemed necessary for accurately placing individuals into the Supported Employment disability tiers. Every individual's completed Functional Screen used a sophisticated algorithm to auto-generate a monthly budget based on service utilization and cost data from existing managed care participants with similar Functional Screen results. A decision was made to utilize the monthly budget amounts to place individuals into the appropriate tiers for the Supported Employment outcome-based reimbursement model. The range of monthly budget amounts for working-age individuals enrolled in the MCO was used to create four tiers of equal ranges, as illustrated in the table below.

As a first step for determining the average support level needed for individuals in each of the four tiers, Functional Screen data on existing Individual Supported Employment participants was used to place each of these individuals in one of the four tiers, based on the monthly budget amount in their Functional Screen. Then, providers were asked to report current data on the number of hours the individual worked per week, the amount of support (face to face or time on behalf of) that the provider was currently providing, and the length of time the individual had held his/her current job.

Support hours reported by providers were reduced where necessary to remove any time reported for providing transportation for a supported employee to get to or from their job, any time spent on job development (e.g. if someone was seeking a second job or different job), any time spent providing personal care and any time providing support for activities other than work. All of these billable supports were reclassified and authorized under a separate, more appropriate billing category when the outcome-based supported employment model was implemented. The data then was used to average the amount of support being provided to individuals in the various disability tiers and in the various stages of employment. The results were shared with providers and discussed as part of agreeing a set of average support percentages to use in establishing outcome-based payments per hour worked.

While there were some anomalies in the data on existing participants in Individual Supported Employment, the data reinforced the expectation that people with higher levels of disability require more supports while people with lower levels of disability require less supports. The data also reinforced the expectation that people at earlier stages in their jobs require more support while people at later stages in their jobs require less support. With these validations, a model reflecting these expectations was developed for use in establishing the payments per hour worked that would be implemented.⁵

⁵ The MCO also was able to determine that the average support percentage for everyone participating in Individual Supported Employment was 30%. This meant that on average, people in Individual Supported Employment were working three hours for every hour of paid support they received. This demonstrated the service was priced comparably, on a cost-per-hour-of-participation basis, to group employment, segregated employment and non-work alternatives.

Time on Job 	0-11 Months	12-24 Months	25+ Months
 Level of Disability			
Tier 1	95%	78%	60%
Tier 2	80%	60%	45%
Tier 3	60%	40%	30%
Tier 4	35%	30%	24%

The final percentages arrived at in the above table were also adjusted to ensure that there was sufficient incentive to bring new people into supported employment. This meant ensuring that the support percentages for the 0-11 Months timeframe were set slightly higher than the actual percentages for existing Individual Supported Employment participants. The final percentages arrived at in the above table were also adjusted to ensure that there was sufficient incentive to serve individuals in Tier 1, none of whom were yet involved in Individual Supported Employment. This meant ensuring that the support percentages for the Tier 1 individuals were set high enough to reflect the types of individuals in this Tier.

Arriving at the Payments per Hour Worked

At the time that this new outcome-based model was developed, the MCO was contracting with supported employment providers on an individual basis. This meant every provider had negotiated a different hourly reimbursement rate. While the rates were not widely spread, to limit the amount of change providers were experiencing, the MCO used each providers existing rate per hour of service (coaching) to calculate the outcome rates. As an example, assuming a rate of \$32/hour of job coaching service, the outcome-based rates were calculated as follows:

Acuity Tier	0-11 Months on Job	12-24 Months on Job	25+ Months on Job
Tier 1	\$30.40	\$24.96	\$19.20
Tier 2	\$25.60	\$19.20	\$14.40
Tier 3	\$19.20	\$12.80	\$9.60
Tier 4	\$11.20	\$9.60	\$7.68

These rates paid per hour worked by the supported employee are based on \$32/hour of service rate for job coaching.

Determining Near-Term Impact on Providers

As part of moving forward with implementation, the MCO ran side-by-side billing comparisons over the course of six months to show the providers how their revenue would differ under the new model. The transition to the new model was cost neutral for the MCO; however the impact on providers varied according to the quality of their performance. Those doing a good job of implementing supported employment correctly (e.g. those who had done good job and workplace matches, engaged natural supports, implemented assistive technology, and challenged their coaches to fade) realized a net increase in revenue under the new, outcome-based model. Any providers that were going to realize a net decrease in revenue under the new model were offered short-term technical assistance from Supported Employment experts brought in by the MCO. This involved looking at individuals on a case-by-case basis, observing them in their workplaces, talking with the job coaching about strategies being used, and making a series of recommendations to allow increased fading to occur.

Addressing Changes in Level of Disability over Time

Each individual's Functional Screen is updated annually, or when a significant change in support needs occurs. This updating helps ensure every Supported Employment participant is in the appropriate tier for the purposes of establishing the outcome-based reimbursement per hour worked that is paid to the Supported Employment provider.

Incentivizing Higher Quality Jobs

To reward providers for helping people obtain jobs with better benefits, the model reimburses providers for supported employee "paid time off" hours. Because these are hours that the individual is paid and because this represents a job with benefits, the MCO made the decision to consider paid hours off as hours that the provider could bill for.

Addressing Exceptions

As with any model based on pre-determined averages, it was recognized that an exception policy would be needed. Exceptions were needed for individuals who had employment support needs that were not adequately reflected on the Functional Screen. One common example was the presence of some types of criminal records. While this does not contribute to someone being evaluated as having a higher level of disability, it can potentially create an increased need for supports during employment.

To create exception criteria, the MCO held discussions with providers and identified individuals participating in Individual Supported Employment whose support needs far exceeded the

average levels in the tier model developed. As a result of this process, three categories were identified for which the provider could apply for an exception:

1. Those requiring 24 hour supervision as the result of a Protective Service court order
2. Those with certain criminal convictions or diagnoses who pose a danger to the safety of minors or others likely to be encountered in the workplace or in traveling to/from the workplace.
3. Those whose annual update of their long-term care Functional Screen resulted in movement of the individual into a lower tier; and the IDT and provider feel that the individual's new payment tier is insufficient to support the person to successfully maintain his/her individual supported employment.

A procedure for determining individual exceptions was also created. This involves collaboration between the IDT, the Individual Supported Employment provider and VR (if involved) to determine if exception status is warranted for the individual and to identify the appropriate payment tier that the individual should be placed into. The procedure includes a variety of techniques to affirm that the criteria for an exception are met:

- Review of individual's most recent Functional Screen by IDT and the MCO Functional Screen Division staff to assure accuracy of the individual capitation rate used to determine the person's tier for Supported Employment reimbursement;
- Review of the individual's criminal history (if relevant) to confirm presence of issues that meet criteria for exception determination;
- Review of the individual's historical service data to assure request for exception determination is supported by longitudinal data and experience
- Review of the provider agency's past use of technology and other strategies to achieve fading with the individual to ensure sufficient efforts to fade have been made.

Paying for Up-Front Services to Help Individuals Obtain Individualized Jobs in Supported Employment

While most individuals served by the managed long-term care system in Wisconsin go through the vocational rehabilitation system to secure individual supported employment, the MCO also created a payment structure for up-front services to address situations where vocational rehabilitation services are not available to an individual for some reason. Building on the principles behind the new reimbursement model for job coaching, the MCO developed tiered outcome payments for job development. Payable upon the start date of the job secured for the individual being served, the outcome payment to the provider depends on the same method of tier designation used to determine job coaching reimbursement rates.

Level of Disability	Job Development Outcome Payment
Tier 1	\$1600/One Time Payment
Tier 2	\$1200/One Time Payment
Tier 3	\$900/One Time Payment
Tier 4	\$650/One Time Payment

The payments established by the MCO were intentionally set at a slightly lower rate than those paid by the vocational rehabilitation system so that providers would not be incentivized to seek MCO funding rather than assisting individuals to access vocational rehabilitation.

Auditing Provider Billing

The MCO requires providers to submit monthly invoices that report the hours worked by each individual being served and the length of time each individual has held his/her job. The MCO claims department then pays the claim based on the tier the individual is in and the provider's contracted outcome-based rate for that tier.

To prevent fraud, the MCO implemented a retrospective random audit process. In this process, a random sample of all invoices submitted is audited on a quarterly basis. For invoices selected for audit, the MCO requests documentation from the provider showing proof of hours worked by the individuals being served. The provider is responsible for submitting written documentation from each individual's employer within 14 days of the MCO audit request. Acceptable forms of documentation are: copies of time cards; copies of pay stubs; or signed confirmation of the hours worked from the individual's supervisor/HR department (email correspondence is acceptable).

Adjusting Small Group Supported Employment Rates

At the same time the MCO developed the Individual Supported Employment reimbursement model described above, they also implemented changes to the Small Group Supported Employment rates to ensure there would be no incentive to expand small groups instead of individual placements. Through policy, the MCO limited the size of the groups to no more than four people. They also eliminated the flat reimbursement rate per hour that did not take account of the size of the group or the staffing ratio. They adjusted the rates according to the size of the group, utilizing the provider's contracted rate for an hour of job coaching service (previously used as unit of reimbursement in Individual Supported Employment). As an

example, if a provider's contracted rate for an hour of job coaching service is \$32, their contracted rate for Small Group Supported Employment would be as follows:

Group of 2: \$16.00 per hour for each person served.

Group of 3: \$10.66 per hour for each person served.

Group of 4: \$8.00 per hour for each person served.

Reflections on Wisconsin Model

This model builds on the successful Oklahoma model but also addresses some of the key shortcomings of the Oklahoma model by:



- Implementing tiered rates to account for varying levels of disability among individuals entering and participating in individual supported employment;
- Implementing phased rates tied to length of time on the job to build in the expectation that providers will fade their supports and utilize a variety of strategies that allow this to occur;
- Adjusting Small Group Supported Employment rates to ensure there is no financial incentive to provide this type of supported employment instead of Individual Supported Employment;
- Establishing state policy allowing rates to be set regionally by each MCO, ensuring that rates can reflect local economic conditions and costs.

However, like the Oklahoma model, the Wisconsin model incentivizes hours worked but does not include a mechanism to incentivize wage rates or career advancement, except that a new job results in the individual returning to phase one (0-11 month) reimbursement rates and paid time off is eligible for reimbursement as an hour worked. What the Wisconsin model does ensure is that the MCO will only pay more for an individual's supports if that individual experiences an improved outcome in the form of an increase in hours worked and less hours spent in alternative facility-based or non-work services.

The Oregon Model

The Oregon model’s adoption is pending the implementation of comprehensive new rates for all waiver services. The model for funding Individual Supported Employment is outcome-based, with payments made for every hour the supported employee works. The model was developed using both Oklahoma and Wisconsin as foundational models. Oregon’s model differs from the Oklahoma and Wisconsin models in a few distinct ways:

1. Like Wisconsin, rates per hour worked by the supported employee are tiered based on level of disability. However, rates are based on six tiers established through use of the Supports Intensity Scale (SIS). These tier determinations are used for establishing all waiver service rates, not just supported employment.
2. Rates are phased down using only two phases (initial and on-going) to reflect expectations that fading of job coaching will occur. Support percentages are not based on actual data from existing Individual Supported Employment participants.

Phase of Employment  SIS Tier Level 	Initial Phase Support Percentage	On-Going Phase Support Percentage
Tier 6 (highest acuity)	100%	100%
Tier 5	90%	85%
Tier 4	80%	70%
Tier 3	70%	55%
Tier 2	60%	40%
Tier 1 (lowest acuity)	50%	25%

3. A highly detailed cost-based, rate methodology was used to develop the rates, based on provider cost surveys. The annual wage is much higher than paid in either Oklahoma or Wisconsin. Oregon was able to adopt this “living wage” as a result of new, perpetual funding allocated by the state legislature specifically for Supported Employment services to individuals with developmental disabilities. The previous (still current) reimbursement rate for an hour of job coaching (all costs included) is only \$10.80. (See next page for an illustration of the rate methodology used to develop the new rates for job coaching.)

4. Rates per hour worked by the supported employee are calculated similarly to how Oklahoma and Wisconsin do this. The hourly rate for the job coaching service (which varies according to the SIS tier in the Oregon model) is multiplied by the support percentages in the above table to arrive at the payment per hour worked. (See the page following the next page for the tables showing the rates per hour worked for the initial and on-going support phases. Note that the monthly costs appear low in relation to the rates paid per hour worked. This is due to the fact that anticipated average hours worked by the supported employees is very low – well below the national average, which is a significant concern. These projected hours

worked are based on actual data from existing Individual Supported Employment participants in Oregon.

Individual Supported Employment Formula Used to Determine Cost per Job Coach Hour

	A	B	D	E	F	G	H	I
			Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
1								
3	Assumptions							
4	- Staff Hours per Day		8.0	8.0	8.0	8.0	8.0	8.0
5	- Staff FTE per Day		1.0	1.0	1.0	1.0	1.0	1.0
6	- Work on behalf of Individual (hours/day)		1.5	1.6	1.7	1.8	1.9	2.0
7	Appointments per Day - scheduled		3.2	3.0	2.7	2.5	2.2	2.0
8	- Appointments per Day - actual		3.0	2.8	2.6	2.4	2.1	1.9
9	% of appointments kept		95%	95%	95%	95%	95%	95%
10	- Length of Appointments (hours per day)		1.5	1.6	1.7	1.8	1.9	2.0
11	- Hours of Service ("Billable Hours") per Day		4.5	4.5	4.4	4.3	4.0	3.8
12	- Days per Year Program Operates		253	253	253	253	253	253
13	- Days per Year Individuals are Served		248	248	248	248	248	248
14	- % of Days Services are Provided		98%	98%	98%	98%	98%	98%
15	- Total Miles per Day Between Appts		15.0	14.0	13.0	12.0	10.5	9.5
16	Employee Compensation							
17	- Hourly Wage		\$18.99	\$18.99	\$18.99	\$18.99	\$18.99	\$18.99
18	- Annual Wage		\$39,491	\$39,491	\$39,491	\$39,491	\$39,491	\$39,491
19	- OPE (as percent of wages)		39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
20	- Hourly Compensation		\$26.39	\$26.39	\$26.39	\$26.39	\$26.39	\$26.39
21	- Annual Compensation		\$54,893	\$54,893	\$54,893	\$54,893	\$54,893	\$54,893
22	Productivity Assumptions							
23	- Travel Time Between Appointments		0.75	0.70	0.65	0.60	0.53	0.48
24	- Case Notes/Med. Records		0.65	0.62	0.63	0.68	0.99	1.13
25	- Employer Time		0.30	0.30	0.30	0.30	0.30	0.30
26	- Staff Training Time		0.20	0.20	0.20	0.20	0.20	0.20
27	- Quality Improvement Time		0.10	0.10	0.10	0.10	0.10	0.10
28	- Work on behalf of Individual		1.50	1.60	1.70	1.80	1.90	2.00
29	- Productivity Subtotal		3.50	3.52	3.58	3.68	4.01	4.20
30	- Appt. Time ("Billable Hours")		4.50	4.48	4.42	4.32	3.99	3.80
31	- Total Hours per Day per FTE		8.00	8.00	8.00	8.00	8.00	8.00
32	- Productivity Adjustment		1.78	1.79	1.81	1.85	2.01	2.11
33	- Hourly Comp. After Adjust.		\$46.92	\$47.13	\$47.77	\$48.87	\$52.91	\$55.56
34	Days Services Are Provided							
35	- Days per Year Program Operates		253	253	253	253	253	253
36	- Days per Year Individuals are Served		248	248	248	248	248	248
37	- % of Days Services are Provided		98%	98%	98%	98%	98%	98%
38	- Hourly Comp. After Adjust.		\$47.86	\$48.08	\$48.73	\$49.86	\$53.98	\$56.68

	A	B	D	E	F	G	H	I
			Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
39	Mileage							
40	- Total Miles per Day Between Appts		15.0	14.0	13.0	12.0	10.5	9.5
41	- Amount per mile		\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
42	- Total Mileage Amount		\$7.50	\$7.00	\$6.50	\$6.00	\$5.25	\$4.75
43	- Hours of Service ("Billable Hours") per Day		4.5	4.5	4.4	4.3	4.0	3.8
44	- Hourly Mileage Cost		\$1.67	\$1.56	\$1.47	\$1.39	\$1.32	\$1.25
45	Indirect Program Expense							
46	- Indirect Program Percent		15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
47	- Hourly Compensation per Billable Hour		\$47.86	\$48.08	\$48.73	\$49.86	\$53.98	\$56.68
48	- Hourly Indirect Program Cost		\$7.42	\$7.45	\$7.55	\$7.73	\$8.37	\$8.79
49	General Administrative Cost							
50	- General Administrative Percent		13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
51	- Hourly Compensation per Billable Hour		\$47.86	\$48.08	\$48.73	\$49.86	\$53.98	\$56.68
52	- Hourly General Admin Cost		\$6.46	\$6.49	\$6.58	\$6.73	\$7.29	\$7.65
53	Rate							
54	- Hourly Cost per Individual		\$63.41	\$63.58	\$64.33	\$65.70	\$70.95	\$74.37

**Rate Paid per Hour Worked by the Supported Employee
Initial Phase**

Rate Based on Hours of Paid Employment		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
64							
65							
66	Cost per Ind per mo for Dir Service	\$1,201.62	\$1,113.95	\$819.58	\$567.69	\$1,053.62	\$1,777.37
67	Avg Hrs Paid Empl per Individual/Month	37.9	29.2	18.2	10.8	16.5	23.9
68	Hourly Rate based on Hrs of Paid Empl	\$31.70	\$38.15	\$45.03	\$52.56	\$63.86	\$74.37

**Rate Paid per Hour Worked by the Supported Employee
On-Going Phase**

Rate Based on Hours of Paid Employment		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
64							
65							
66	Cost per Ind per mo for Dir Service	\$600.81	\$742.63	\$643.96	\$496.73	\$995.09	\$1,777.37
67	Avg Hrs Paid Empl per Individual/Month	37.9	29.2	18.2	10.8	16.5	23.9
68	Hourly Rate based on Hrs of Paid Empl	\$15.85	\$25.43	\$35.38	\$45.99	\$60.31	\$74.37

Services to Assist Individuals to Obtain Individual Supported Employment: Discovery and Job Development Payment Methodologies and Rates

Oregon’s DD agency worked out an agreement with the Oregon vocational rehabilitation agency regarding common customers seeking Individual Supported Employment. Oregon’s DD agency plans to fund Discovery as a waiver service. This is also paid on an outcome basis. The payment is \$1600 for a Discovery process and creation of an Employment Proposal which is expected to take a total 40 hours to complete, regardless of the SIS tier of the individual receiving the service. It is worth noting that the salary for the staff person completing Discovery (\$11.85) is less than the salary for the staff person doing Job Coaching (\$18.99) in the Oregon model.

After Discovery is completed, individuals will be referred to the Oregon vocational rehabilitation agency (OVRs) for Job Development. OVRs will pay for Job Development using two outcome-based milestone payments: the first at placement and the second after 90 days on the job. However, OVRs did not choose to tier these payment rates based on the level of disability of the individual being served. The Oregon DD agency also created rates for job development for cases where OVRs services are not available to an individual for some reason. The Oregon DD agency rates are tiered based on the SIS level of the individual being served. See below for a summary of the rates.

Hours per Outcome & Cost per Outcome (based on Hourly Rate)						
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
Total hours for successful development	55	58	61	64	67	70
% of hours to complete placement	30%	32%	34%	36%	38%	40%
Hours to complete placement	16.5	18.6	20.7	23.0	25.5	28.0
Placement Rate	\$1,053	\$1,186	\$1,336	\$1,523	\$1,696	\$1,965
% of hours to complete 90 day retention	70%	68%	66%	64%	62%	60%
Hours to complete retention	38.5	39.4	40.3	41.0	41.5	42.0
90 Day Retention Rate	2,458	2,512	2,600	2,714	2,760	2,947
Maximum payment	\$3,512	\$3,698	\$3,936	\$4,237	\$4,456	\$4,911

The outcome-based rates for job development are based on the following rate methodology used to determine the cost of an hour of Job Development service.

**Individual Supported Employment Job Development
Formula Used to Determine Cost per Job Developer Hour**

A	B	D	E	F	G	H	I
		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
37							
39	Assumptions						
40	- Staff Hours per Day	8.0	8.0	8.0	8.0	8.0	8.0
41	- Staff FTE per Day	1.0	1.0	1.0	1.0	1.0	1.0
42	- Job Site Development (hours per day)	1.4	1.5	1.7	2.0	2.1	2.5
43	- Appointments per Day - scheduled	4.0	3.7	3.4	3.1	2.8	2.5
44	- Appointments per Day - actual	3.8	3.5	3.2	2.9	2.7	2.4
45	- Attendance	95%	95%	95%	95%	95%	95%
46	- Length of Appointments (hours per day)	1.2	1.3	1.4	1.5	1.6	1.7
47	- Hours of Service ("Billable Hours") per Day	4.6	4.6	4.5	4.4	4.3	4.1
48	- Days per Year Program Operates	253	253	253	253	253	253
49	- Days per Year Individuals are Served	248	248	248	248	248	248
50	- % of Days Services are Provided	98%	98%	98%	98%	98%	98%
51	- Total Miles per Day Between Appts	26.6	24.5	22.4	20.3	18.9	16.8
52	Employee Compensation						
53	- Hourly Wage	\$18.99	\$18.99	\$18.99	\$18.99	\$18.99	\$18.99
54	- Annual Wage	\$39,491	\$39,491	\$39,491	\$39,491	\$39,491	\$39,491
55	- OPE (as percent of wages)	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
56	- Hourly Compensation	\$26.39	\$26.39	\$26.39	\$26.39	\$26.39	\$26.39
57	- Annual Compensation	\$54,893	\$54,893	\$54,893	\$54,893	\$54,893	\$54,893
58	Productivity Assumptions						
59	- Travel Time Between Appointments	1.06	0.98	0.90	0.81	0.76	0.67
60	- Case Notes/Med. Records	0.63	0.58	0.53	0.48	0.45	0.40
61	- Employer Time	0.15	0.15	0.15	0.15	0.15	0.15
62	- Staff Training Time	0.10	0.10	0.10	0.10	0.10	0.10
63	- Quality Improvement Time	0.05	0.10	0.10	0.10	0.10	0.10
64	- Job Site Development tasks	1.44	1.54	1.74	2.00	2.12	2.50
65	- Productivity Subtotal	3.44	3.45	3.52	3.65	3.68	3.92
66	- Appt. Time ("Billable Hours")	4.56	4.55	4.48	4.35	4.32	4.08
67	- Total Hours per Day per FTE	8.00	8.00	8.00	8.00	8.00	8.00
68	- Productivity Adjustment	1.75	1.70	1.70	1.84	1.85	1.90
69	- Hourly Comp. After Adjust.	\$46.30	\$46.40	\$47.13	\$48.53	\$48.87	\$51.75
70	Days Services Are Provided						
71	- Days per Year Program Operates	253	253	253	253	253	253
72	- Days per Year Individuals are Served	248	248	248	248	248	248
73	- % of Days Services are Provided	98%	98%	98%	98%	98%	98%
74	- Hourly Comp. After Adjust.	\$47.23	\$47.34	\$48.08	\$49.51	\$49.86	\$52.79

A	B	D	E	F	G	H	I
		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
37							
75	Mileage						
76	- Total Miles per Day Between Appts	26.6	24.5	22.4	20.3	18.9	16.8
77	- Amount per mile	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
78	- Total Mileage Amount	\$13.30	\$12.25	\$11.20	\$10.15	\$9.45	\$8.40
79	- Hours of Service ("Billable Hours") per Day	4.6	4.6	4.5	4.4	4.3	4.1
80	- Hourly Mileage Cost	\$2.92	\$2.69	\$2.50	\$2.33	\$2.19	\$2.06
81	Indirect Program Expense						
82	- Indirect Program Percent	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
83	- Hourly Compensation per Billable Hour	\$47.23	\$47.34	\$48.08	\$49.51	\$49.86	\$52.79
84	- Hourly Indirect Program Cost	\$7.32	\$7.34	\$7.45	\$7.67	\$7.73	\$8.18
85	General Administrative Cost						
86	- General Administrative Percent	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
87	- Hourly Compensation per Billable Hour	\$47.23	\$47.34	\$48.08	\$49.51	\$49.86	\$52.79
88	- Hourly General Admin Cost	\$6.38	\$6.39	\$6.49	\$6.68	\$6.73	\$7.13
89	Rate						
90	- Hourly Rate per Individual	\$63.85	\$63.76	\$64.52	\$66.20	\$66.50	\$70.16

Note the hourly rate for the job development service varies according to the SIS tier in Oregon's model.

Group Supported Employment

In the Oregon model, Group Supported Employment is paid for on a per-hour of participation basis. Rates vary according to the SIS tier of the individual being served. Unlike most other states, Group Supported Employment staffing ratios in Oregon’s model are anticipated to be very low.

SIS Tier Level	Assumed Staffing Ratio
Tier 6 (highest acuity)	1 : 1.5
Tier 5	1 : 1.7
Tier 4	1 : 1.9
Tier 3	1 : 2.1
Tier 2	1 : 2.3
Tier 1 (lowest acuity)	1 : 2.5

The salary for the Group Supported Employment job coach (\$11.24) is less than the salary for the Individual Supported Employment job coach (\$18.99) in the Oregon model. (See next page for an illustration of the rate methodology used to develop the rates for Group Supported Employment).

The very low staffing ratio assumptions result in rates for Group Supported Employment that are comparatively high in Oregon. However, so long as the staffing ratios, on which the reimbursement rates are based, are required through provider contracts, the high rates for Group Supported Employment do not create a financial incentive for providers to deliver this service in lieu of Individual Supported Employment, as is the case in the Oklahoma model.

Reflections on Oregon Model

Like both Oklahoma and Wisconsin, the Individual Supported Employment model is based on payments per hour worked by the supported employee; but it does not include a mechanism to incentivize wage rates or career advancement. Like Wisconsin, the rates paid per hour worked are tiered according to level of disability. There are six tiers determined by use of the Supports Intensity Scale. Tier 7 is established as the exception tier, where supports are individually determined as necessary. Oregon chose to only have two phases of supports: initial and on-going.

The model is generously funded which should result in high quality service and minimal staff turnover if providers are required to pay personnel the wage rates used in the rate methodologies presented above. If providers are not held to such wage floors via contracts, the risk is that the state will be paying high rates to support high staff wages and the quality expected to come with this; but such quality may not be realized. The model is weak in terms of accurately projecting support percentages that will be necessary and in its estimation of hours that will be worked by those participating in Individual Supported Employment.

**Group Supported Employment
Formula Used to Determine Cost per Job Coach Hour**

	A	B	D	E	F	G	H	I
1			Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
3	Assumptions							
4	- Hours of Service ("Billable Hours") per Day		4.8	4.8	4.8	4.8	4.8	4.8
5	- Avg. No. Individuals per Day, Scheduled		8.0	8.0	8.0	8.0	8.0	8.0
6	- Avg. No. Individuals per Day, Attending		7.5	7.4	7.3	7.2	7.1	7.0
7	- Attendance: % of Scheduled that Attends		94.0%	92.6%	91.2%	89.8%	88.4%	87.0%
8	- Ratio of Staff to Individuals		1.2.5	1.2.3	1.2.1	1.1.9	1.1.7	1.1.5
9	- Avg. Staff FTE with Individuals per Day		3.0	3.2	3.5	3.8	4.2	4.7
10	- Days per Year Program Operates		253	253	253	253	253	253
11	- Days per Year Individuals are Served		248	248	248	248	248	248
12	- % of Days Services are Provided		98%	98%	98%	98%	98%	98%
13	- Average Miles per Day (Program)		17.8	17.8	17.8	17.8	17.8	17.8
14	- Supply Cost per Individual per Day		\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
15	Employee Compensation							
16	Hourly Wage		\$11.24	\$11.24	\$11.24	\$11.24	\$11.24	\$11.24
17	Annual Wage		\$23,381	\$23,383	\$23,383	\$23,383	\$23,383	\$23,383
18	OPE (as percent of wages)		39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
19	Hourly Compensation (wages + OPE)		\$15.62	\$15.63	\$15.63	\$15.63	\$15.63	\$15.63
20	Annual Compensation (wages + OPE)		\$32,499	\$32,502	\$32,502	\$32,502	\$32,502	\$32,502
21	Productivity Assumptions							
22	- Travel Time		Inc	Inc	Inc	Inc	Inc	Inc
23	- Case notes/med records/attendance		0.42	0.38	0.35	0.32	0.28	0.25
24	- Program set up/take down, staff coord.		1.18	1.22	1.25	1.28	1.32	1.35
25	- Employer Time		0.30	0.30	0.30	0.30	0.30	0.30
26	- Staff Training Time		0.20	0.20	0.20	0.20	0.20	0.20
27	- Development of Job Opportunities		1.00	1.00	1.00	1.00	1.00	1.00
28	- Quality Improvement Time		0.10	0.10	0.10	0.10	0.10	0.10
29	- Productivity Subtotal		3.2	3.2	3.2	3.2	3.2	3.2
30	- Hours of Service ("Billable Hours")		4.8	4.8	4.8	4.8	4.8	4.8
31	- Total Hours per Day per FTE		8.00	8.00	8.00	8.00	8.00	8.00
32	- Productivity Adjustment		1.07	1.07	1.07	1.07	1.07	1.07
33	Hourly Comp. After Adjustment		\$26.04	\$26.04	\$26.04	\$26.04	\$26.04	\$26.04
34	Days Services Are Provided							
35	- Days per Year Program Operates		253	253	253	253	253	253
36	- Days per Year Individuals are Served		248	248	248	248	248	248
37	- % Attendance		98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
38	Hourly Compensation		\$26.57	\$26.57	\$26.57	\$26.57	\$26.57	\$26.57
39	Attendance - Absence/Vacancy Adjustment							
40	- Average Number of Individuals Scheduled		8.0	8.0	8.0	8.0	8.0	8.0
41	- Average Number of Individuals Attending		7.5	7.4	7.3	7.2	7.1	7.0
42	- Ratio of Staff to Individuals		1.2.5	1.2.3	1.2.1	1.1.9	1.1.7	1.1.5
43	- Number of Staff Members		3.0	3.2	3.5	3.8	4.2	4.7
44	- Total Hourly Compensation		\$79.70	\$85.48	\$92.36	\$100.68	\$110.96	\$123.99
45	Avg. No. Individuals per Day, Attending		7.5	7.4	7.3	7.2	7.1	7.0
46	Hourly Comp. per Individual Attending		\$10.63	\$11.55	\$12.65	\$13.98	\$15.63	\$17.71

	A	B	D	E	F	G	H	I
1			Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
47	Mileage							
48	- Number of Miles, Program Related		17.8	17.8	17.8	17.8	17.8	17.8
49	- Amount per mile		\$0.50	\$0.50	\$0.50	\$0.50	\$0.50	\$0.50
50	Total Mileage Amount		\$8.88	\$8.88	\$8.88	\$8.88	\$8.88	\$8.88
51	- Average Number of Individuals Attending		7.5	7.4	7.3	7.2	7.1	7.0
52	Hourly Mileage Cost per Individual		\$0.25	\$0.25	\$0.25	\$0.26	\$0.26	\$0.26
53	Supplies							
54	- Supplies per Individual per Day		\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
55	- Hours of Service ("Billable Hours")		4.8	4.8	4.8	4.8	4.8	4.8
56	Hourly Supply Cost per Individual		\$0.73	\$0.73	\$0.73	\$0.73	\$0.73	\$0.73
57	Indirect Program Expense							
58	- Indirect Program Percent		15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
59	- Hourly Compensation per individual		\$10.63	\$11.55	\$12.65	\$13.98	\$15.63	\$17.71
60	Hourly Indirect Expense per Individual		\$1.65	\$1.79	\$1.96	\$2.17	\$2.42	\$2.75
61	General Administrative Expense							
62	- General Administrative Percent		13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
63	- Hourly Compensation per individual		\$10.63	\$11.55	\$12.65	\$13.98	\$15.63	\$17.71
64	Hourly General Admin. Cost per Individual		\$1.43	\$1.56	\$1.71	\$1.89	\$2.11	\$2.39
65	Rate							
66	Hourly Rate per Individual		\$14.68	\$15.88	\$17.30	\$19.02	\$21.15	\$23.84

Part Two: Fee-for-Service Models

Maryland

DEPARTMENT OF DISABILITIES:

Under the leadership of the Secretary of the Department of Disabilities and its statewide director of employment services, the state of Maryland has been promoting integrated employment for over ten years. Its former director of employment services now serves as the employment specialist for CMS in the Elderly and Disabled Services section. The Department strongly promoted integrated employment across several departments, including the State Department of Education's Division of Rehabilitation Services, the Developmental Disabilities Administration and the Mental Hygiene Administration within the Department of Health. The state also has taken advantage of the nationally recognized work of TransCen, based in Rockville, Md. (Montgomery County) in promoting school to work transitions in a number of school districts throughout the state. It was the latter collaboration that provided Maryland the edge to receive one of six federally funded Department of Education and Social Security Administration PROMISE grants at the end of 2013 with a focus of working with youth with disabilities to prevent long term poverty and SSI dependency.

DEVELOPMENTAL DISABILITIES ADMINISTRATION (DDA)

DDA provides direct services to individuals in the community through a coordinated service delivery system that supports the integration of individuals into the community. Services provided in the community are a combination of federal, general, and special funds. Since the majority of the individuals that receive services are Medicaid-eligible, the State receives federal matching funds for services provided to individuals receiving services through the Home and Community Based Services waiver. DDA has four regional offices that assist with administrative oversight and resource coordination (case management) services either directly or with contracted agencies that do not provide any direct services under the HCBS waiver funding.

DDA Payment Mechanisms: Currently, DDA has two systems to pay providers –a contracts and grants system for non- rate based services and the Fee Payment System (FPS) for rate-based services. While federal, general and special funds support the contracts and grants based programs and FPS, providers also receive income from client contributions (including copayments), contracts for professional and vocational services, other government revenue streams (e.g., via Division of Rehabilitation Services), grants, and donations. Moreover, a law enacted in 2010 mandated that the Governor include an annual cost of living adjustment for community providers in the DDA and MHA systems equivalent to the increase in the Executive Branch for certain cost centers. For FPS and contract and grant services, cost of living adjustment is applied to the entire rate if authorized by the State.

Contracts and Grants System: The contracts and grants systems covers the following services: family support services, individual support services, individual family care, New Directions (self-directed services), purchase of care, summer programs, low intensity support services, and behavioral support services. Contracts and grants for these services are negotiated with individual providers. At the beginning of each fiscal year, contracts are renewed and updated to reflect the number of individuals served by a provider and to apply the statutory rate increase.

Fee Payment System (FPS): DDA’s current payment methodology for rate-based services – the DDA’s current payment methodology for rate-based services - the prospective payment system - was adopted in 1987 and was subsequently codified in 1994. DDA does not “reimburse” providers in the strictest sense of the term. Rather, it pays providers quarterly prospective payments based on projected earnings. The prospective payment is made with State funds, of which a portion is reimbursed with federal funds for Medicaid waiver recipients, based upon allowable costs. Payments to providers are made on the following schedule: a four-month advance at the beginning of the first fiscal quarter, three-month advances for each of the second and third quarters, and a two-month advance for the fourth quarter. Providers must reconcile payments received with actual services delivered at the end of the fiscal year and reimburse DDA for any overpayment in services. Likewise, if actual costs for the provider were greater than the prospective payments received, DDA must reimburse the provider.

FPS was developed in 1998 by using the prospective payment system as a base. FPS covers five programs— Community Supported Living Arrangements (CSLA), day, residential, supported employment, and resource coordination. FPS also covers “add-ons” to accommodate temporary changes in client needs (usually for a period under one year, but can be extended), and one-time supplemental costs for special equipment, assistive technology, accessibility modifications to structures, and other needs that are not covered by Medicaid, private insurance, or any other state or federal health program.

The rates used for FPS services are historical in nature and outlined in *Code of Maryland Regulations* (COMAR) 10.22.17.06 through 10.22.17.13. FPS rates are computed using the following three components:

1. The individual component, which assesses the service needs of the individual as determined by his or her matrix score, using an assessment tool called the Individual Indicator Rating Scale (IIRS). This component also includes regional rate adjustments that increase for certain high-cost areas of the State.
2. The provider component, which accounts for the indirect costs of providing care. These are fixed, statewide per diem rates, with separate scales for day and residential programs.

3. The add-ons component, which addresses additional service needs that were not covered under the IIRS matrix score. Add-ons are negotiated at the regional level with each provider. It is important to note that not all individuals require add-ons but the majority of individuals do have add-ons included in their FPS rates.

Efforts to Improve DDA’s Rate Setting Methodology: DDA has used IIRS to assess the need of individuals receiving DDA-funded services for nearly 30 years; however, this assessment tool does not adequately assess the needs of people who require more intense supports. Accordingly, DDA supplements individual budgets, as they have been determined by the IIRS, with add-ons. In 2010, DDA saw the need to change the assessment tool and established a stakeholder group to assist in the process. That group identified the Supports Intensity Scale (SIS) as a more appropriate tool.

SIS is an individual assessment and planning tool developed by the American Association on Intellectual and Developmental Disabilities. It is already in use by a number of states and Canadian provinces. Several states are using SIS measures as a basis for payment of providers. The SIS is distinguished from other measurement tools because it is used to identify the intensity of the supports needed by the person to be an integrated member of the community rather than to talk about the person’s deficits. DDA is committed to implementing SIS as a means to better align service payments with costs and incentivizing effective and efficient service delivery.

DDA has already begun piloting the application of the SIS and has hired a consulting firm to develop a resource allocation formula (algorithm) based on the sample assessments. The Department of Health and Mental Hygiene will initiate a procurement to obtain a consultant to analyze the sample of SIS assessments. A second consultant will then be retained to recommend a new rate-setting methodology. DDA will continue to seek input on this process with the SIS workgroup and other stakeholders. The use of SIS and a new resource allocation formula will coincide with a financial restructuring effort that is ongoing within DDA. The DDA financial restructuring effort includes: tasking an independent consultant to provide recommendations for a new financial services platform with a focus on assessing current payment methodologies, developing payment rates, interfacing with Medicaid’s payment platform, and determining the viability of the current DDA data platform for the next 10 years.

New Legislation and Rate Increases and a Rate Study: In accordance with the law enacted in 2010 that mandates annual provider rate increases, the fiscal 2014 budget included a 2.46% rate increase for DDA providers. The recently enacted budget for FY’15, beginning on July 1, 2014, contains a mid-year provider rate increase of 4%. In addition, recent legislation enacted incrementally raises Maryland’s minimum wage to \$10.10 per hour in 2018 and mandates a 3.5% rate increase for community providers for fiscal years 2016-2019. This legislation also stipulates that: “the percentage of a community provider’s total reported operating expenses, excluding interest on capital and other capital expenses, that is spent on direct support

employee salaries, wages, and fringe benefits for a fiscal year..., may not be less than the percentage of the community provider's total reported operating expenses spent on direct support employee salaries, wages, and fringe benefits for fiscal year 2014." This applies to FY'15 – '19.

Another critical section of the newly enacted law will impact provider rates in the long term. The law requires DDA to conduct an independent cost-driven, rate-setting study to set provider rates for community-based services. DDA must consult with stakeholders when conducting the study and developing the new payment system and must incorporate the findings of the study. The legislation stipulates that the new payment system must: assess the needs of an individual receiving services in a manner that reflects the findings of the study, provide adequate working capital payments to providers, and establish a sound billing and payment system including a timely and efficient payment schedule. This legislation is compatible with the work already underway on the SIS and its algorithms. One advocacy group heralded this legislation by stating: "A wholesale, comprehensive data-driven assessment and adjustment of provider rates has been long awaited.

It is not clear how the new mandated study will be compatible with or in conflict with a study that is underway by the Department of Health and Mental Hygiene (DHMH) that was mandated in the 2010 legislation. The purpose of that study is to create a plan to develop, and a timeline to implement, a rate-setting methodology for community developmental disabilities and mental health services providers. Among other things that study is to include an analysis of:

- the operating costs of community services providers;
- the ability of community services providers to attract and retain a high quality work force;
- any appropriate and feasible incentives for high quality performance of community services providers;
- any capital infrastructure needs of community services providers;
- transportation costs of community services providers; and
- any other issues related to the efficient and effective provision of community services.

Waiver Amendments Submitted to CMS: Maryland submitted a major set of amendments for its 1915 (c) HCBS waivers for persons with developmental disabilities to CMS on March 27, 2014. The state and CMS are still in negotiations on the 250 page document. The application reflects major changes in service definitions for day habilitation, supported employment consistent with CMS guidance of September 2011 and DOJ guidance on Title II of the ADA. Since the new rate study referenced above is not in place, the application only speaks of units and averages and they are as follows:

Day Habilitation services are provided in accordance with the individual's plan and developed through a detailed person-centered planning process, which includes annual assessment of the individual's employment goals and barriers to employment and community

integration. Employment services are to be constructed in a manner that reflects individual choices, goals related to employment, and ensures provision of services in the most integrated setting appropriate. An individual's service plan may include a mix of Day Habilitation, Employment discovery and Customization, Community Learning Services, and Supported Employment. Average units per year: 212 days. Average cost/unit: \$91.21

Supported Employment services are predicated on the belief that all individuals with disabilities can work and that individuals of working age should be provided the supports necessary not only to gain access to and maintain employment in the community, but to advance in their chosen fields and explore new employment options as their skills, interests, and needs change. Supported employment is employment in an integrated work setting. This is defined as a work place in the community, where the majority of individuals do not have disabilities and which provides opportunities to interact with non-disabled individuals to the same extent that individuals employed in comparable positions would interact. Services shall increase individual independence and reduce level of service need. (Does not include volunteer work). Average units per year: 212 days. Average cost/unit: \$74/07

Employment Discovery and Customization is predicated on the belief that all individuals with developmental disabilities can work when given opportunity, training, and supports that build on an individual's strengths. They are designed to assist participants to: 1) access employment; or 2) explore possibilities/impact of work. In addition, as part of a broad customization process, they assist participants to develop career goals through career exploration, job development and related services. Services shall increase individual independence and reduce level of service need. These are time limited activities provided up to 6 months, which include assessment, discovery, customization and training activities. The service also includes pre-employment benefits counseling. Average units per year: 21 days. Average cost/unit: \$91.21

Community Learning Services are predicated on the belief that all individuals with developmental disabilities can work, when given opportunity, training, and supports that build on an individual's strengths. Services shall increase individual level of independence and reduce level of service need. Services may include: self-determination or self-advocacy training; workshops and classes; peer mentoring; volunteer activities; and, activities that promote health and socialization....shall be integrated in community settings that improve communication, social skills, health and/or increase their employment or chances of becoming employed...shall be provided in lieu of day habilitation services and can be combined with others above. Average units per year: 37 days. Average cost/unit: \$91.21

Cooperative Agreement for Employment Services: Maryland State Department of Education, Division of Rehabilitation Services and Maryland State Department of Health, Developmental Disabilities Administration: The interagency agreement has a lengthy and productive history that was enhanced in 1986 when supported employment was added to the Rehabilitation Act. Many amendments and renewals have occurred over nearly 30 years with the most recent version signed in October 2013 as an update to the MOU of 2006. Although

Maryland DDA continues to use a fee for service payment to providers rather than a milestone payment system, this MOU may be a significant contributor to Maryland’s outcomes in integrated employment in the most recent Institute on Community Inclusion data sets. Maryland promotes a strong transition from school to work program and clearly defines the roles and responsibilities of DORS and DDA.

Maryland

Reporting Year	1999	2001	2004	2007	2008	2009	2010	2011
% receiving supported employment services of those receiving at least one day or employment service	37%	42%	39%	38%	39%	39%	39%	40%

Source: State Data: The National Report on Employment Services and Outcomes (2011).

DDA Roles and Responsibilities: Among those listed in the agreement, are:

- Determine eligibility for DDA services
- Inform individuals and their families that employment will be the first option considered for all individuals of working age, and of the benefits of employment
- Facilitate the delivery of employment services, including but not limited to: career assessments, pre-employment benefits counseling, employment discovery and customization, vocational training, job development and long term job coaching and support for retention and advancement, by approved service providers, and Assistive Technology services for employment if not otherwise covered by DORS.
- Provide individuals with information and referrals regarding other employment support services such as:
 - The Social security Administration’s Work Incentives, Planning and Assistance Project for benefits planning.
 - The Ticket to Work Program
 - One Stop Career Center Services, and,
 - The Employed Individuals with Disabilities Program (Medicaid buy-in)

DORS Roles and Responsibilities: Among those listed in the agreement are:

- Establish provider liaisons to obtain timely referrals, etc.
- Determine eligibility of all individuals referred top DORS for VR and supported employment services in an efficient and timely manner, consistent with established time lines, including determination of presumptive eligibility (During a trip to Maryland in December 2013, this SME met with multiple providers and confirmed that SSI and/or SSDI status meets order of selection and presume employability).
- Provide a copy of the IPE to the individual’s Resource Coordinator for inclusion in their IP.

- Provide all services, including intensive, time-limited, supported employment job coaching services, based upon the individual’s needs, including discrete post-employment services as appropriate.
- Facilitate and explore extended services resources, including natural supports (e.g. unpaid supports provided by a co-worker) as appropriate. Affirm in writing the extended services were provided for individuals receiving supported employment services, as an assurance that DDA will fund extended supported employment services after DORS time limited services have concluded.

Iowa

The Iowa Department of Human Services (DHS) has been working on improving opportunities for Iowans with disabilities to become employed in quality jobs throughout the state since 2000 when first awarded a Medicaid Infrastructure Grant (MIG) through its Center on Developmental Disabilities (UCEDD). Iowa's Mental Health and Disability Services (MHDS) and Iowa's Medicaid Enterprise (IME), both divisions of DHS, have been working together along with their stakeholders, to improve employment outcomes for individuals with disabilities with a particular focus on individuals with intellectual and developmental disabilities (I/DD) in Iowa. Effort have included:

- Execution of Iowa’s MIG plan to increase number of Iowans with disabilities employed in competitive jobs, including significant cost benefit data tied to improved health outcomes and reduced health care costs as a result of individuals with disabilities being employed.
- Implementation of the state’s updated Olmstead Plan for Mental Health and Disability Services, including plans to increase integrated employment.
- Review of a State Employment Leadership Network (SELN) detailed comparison of how Iowa compares to states with high performing integrated employment systems; and
- Participation in the SELN funding and rates group.

Current and ongoing initiatives for Iowa include:

- A comprehensive redesign of the service system for Iowans with disabilities, including realigning the roles of counties and the state in financing and managing services, the integration of Olmstead principles, and a requirement to report outcomes, not just service utilization.
- Work with the SELN in developing a data and outcomes reporting system and to address Iowa's funding and rate methodologies.
- Implementation of the Administration on Intellectual and Developmental Disabilities funded Partnerships Project to improve transition services and outcomes.

- Implementation of the Office of Disability Employment Policy’s (ODEP) Employment First State Leadership Mentoring Project and its Vision Quest webinar series, including substantive collaboration with Iowa Vocational Rehabilitation Services (IVRS).
- Capacity building in customized employment, discovery, asset development and a dedicated website with archived materials on Employment First led by IVRS.
- Conducting regional forums and the use of a stakeholder work group and ODEP SME’s to evolve new Service definitions and rate methodologies for its Medicaid HCBS waiver for persons with intellectual disabilities.

Today’s Context:

In spite of all of the efforts to date to promote integrated employment in Iowa, its results stand in stark contrast to high performing states like Oklahoma because the rate methodology in Iowa is established in statute and administered through very prescriptive regulations.

Reporting Year	1999	2001	2004	2007	2008	2009	2010	2011
% receiving supported employment services of those receiving at least one day or employment service	30%		23%				21%	20%

Source: State Data: The National Report on Employment Services and Outcomes (2012).

The regulations defining Principles of Reimbursement, audits, appeals, etc. encompass 80 pages of text. The most recent edition was published on November 30, 2011. The current fees (rates) for HCBS service providers require no minimum staffing ratios and are set as follows:

- Day habilitation; county contract rate or, in the absence of a contract rate, provider’s rate in effect 11-30-09. If no 2009 rate, then \$13.21 per hour; \$32.15 per half-day; or \$64.29 per day are upper limits.
- Prevocational services: county contract rate or, in the absence of a contract rate, provider’s rate in effect 11-30-09. If no 2009 rate, then \$13.21 per hour; \$24.11 per half-day; or \$48.22 per day are upper limits.
- Supported employment – Job development: provider’s rate in effect 11-30-09. If no 2009 rate, \$909 per unit (job placement); maximum of 2 units in 12 months is upper limit.
- Supported employment – Employer development: same as Job development.
- Supported employment – Enhanced job search: Retrospectively limited prospective rates; \$34.98 per hour. Maximum of 26 hours per 12 months is upper limit.
- Supported employment – Supports to maintain employment: Retrospectively limited prospective rates; \$34.98 per hour for all activities other than personal care and services in an enclave setting. \$19.81 per hour for personal care; \$6.19 for services in an enclave

setting; \$2,883.71 per month for total service. Maximum of 40 units per week is upper limit.

- Self-directed community supports and employment: rates negotiated by member and upper limit is determined by member's individual budget.

The retrospectively limited prospective rates are based on prescriptive cost reporting requirements for the provider. Once the provider's initial prospective rate is established, the rate is adjusted annually, effective for the third month after the month during which the annual cost report is submitted to the department. "The provider's new rate shall be the actual reconciled rate or the previously established rate adjusted by the consumer price index for all urban consumers for the preceding 12-month period ending June 30, whichever is less."

It is obvious from reviewing the rates above that the incentives are not present to promote and support Employment First and Individual Supported Employment. In fact, the most stable and predictable funding for a provider is to continue to serve individuals with a full day of day habilitation. It is simple and well established and easy to manage.

Although a great deal of work has been completed to amend service definitions and to change rate methodology for the HCBS waiver; however, as of today that work is on hold and proposed rate methodologies have been embargoed. The recommendations proposed by the ODEP SME would dramatically shift the incentives to Employment First; however, it is not known which of the SMEs final recommendations for service definition changes and rate methodology changes have been approved by the Secretary of DHS and the Medicaid agency. As soon as the information is released, this report will be revised and

The State of Iowa is adjusting to a change in its Medicaid FMAP and a resulting shortfall of over ten million dollars. Consequently, we are unable to obtain the final proposed rate methodologies that have been submitted to the Governor and the Legislature. As noted above, Iowa's payment methodology and fees/rates are established in rules with legislative oversight.

An additional note of concern is the recently approved Medicaid State Plan Amendment for Iowa's 1915 (i) home and community based service for individuals with mental illness. The SPA was approved by CMS on May 1, 2014. It contains elaborate definitions of services – some improved and some traditional – with units of service as follows:

- Day habilitation; 15 minutes up to 16 units per day or a full day (4.25 to 8 hours)
- Prevocational habilitation: one hour up to 4 units per day of a full day (4.25 to 8 hours). Prevocational does require a plan to achieve integrated employment, including crews or enclaves.

- Supported employment habilitation support to maintain employment: 15 minutes with a maximum of 40 units per week. This service can be either individual integrated employment or mobile crews or enclaves.

Conclusion

Choosing an effective reimbursement methodology and establishing rates to incentives Individual Supported Employment is a complex challenge for states. Whether rates truly offer a financial incentive for providers to serve people in Individual Supported Employment depends on a variety of inter-dependent factors. The diagram below illustrates the three primary factors.



Whether a rate creates a financial incentive depends on the cost of providing the service relative to the rate, the difficulty of providing the service as compared to other service options, and whether the service associated with the rate allows revenue to be allocated to existing organizational structures and liabilities. Staff costs are the largest drivers of service costs. Staffing ratios have a significant impact on service costs and thus should be critical factor in rate setting and contracting

Overall, states need to guard against false assumptions that one rate which is higher than another automatically provides a financial incentive for providers to deliver the service for which the higher rate is paid. It becomes critically important to analyze rates in relation to subtleties that may inadvertently create the wrong incentives if not identified and properly

accounted for. Providers are often a key source of important information on the impact of rates for various day and employment services, relative to each other. In order to achieve the best model, states will benefit most by reviewing and readjusting rates across all day and employment service options simultaneously. This allows for the best opportunity to create fiscal incentives for preferred services and outcomes.

It is also critically important to recognize that rates need to be part of a larger strategy to achieve specific system and individual-level outcomes. Rates alone are not enough to move people from day and sheltered work services to supported employment. What happens in individual service planning is critical: this drives what services providers are expected to deliver. Rate and reimbursement changes can help remove fiscal incentives that may motivate providers to keep people in certain types of services; but service planning ultimately dictates what services are purchased and how funding is spent.

Appendix A: Excerpts from Oklahoma Administrative Code

317:40-7-1. Overview of Waiver Employment Services

Revised 7-11-05

(a) There are many employment service options available. The options given in (1) through (4) of this subsection are not a continuum, but are prioritized as most desirable by people with and without disabilities. Provider agencies assess each service recipient in maximizing employment options.

- (1) The optimum goal is full-time employment at prevailing wage in business or industry at an occupation of the service recipient's choice with natural supports. If prevailing wage is not available, then employment is at minimum wage with or without paid supports.
- (2) If a service recipient cannot secure enough work hours through a single job of the service recipient's choice, then two part-time jobs or a job that is not the service recipient's first preference may need to be sought to equal a full time job.
- (3) If a fully integrated placement is not currently available, employment of the service recipient's choice in an enclave in a business or industry, with or without paid supports, is an option.
- (4) If there are no paid jobs to be found, temporary unpaid training or volunteer service in accordance with Department of Labor regulations, with or without paid supports, may be an option for the purpose of resume building or job exploration, or temporary participation in real work in a center-based setting can be obtained.

(b) There may be instances resulting from a variety of factors when people served have not achieved the goal of full employment. The provider agency makes available those supports needed for the service recipient to achieve full employment.

(c) Employment services are prescribed in accordance with OAC 340:100-17, Part 1, and [OAC 340:100-3-33.1](#).

(d) People receiving services may choose retirement to pursue activities according to each person's interests, including employment or integrated community activities for senior citizens. If the service recipient is age 62 or older, an exception as described in [OAC 317:40-7-21](#) is not required.

317:40-7-2. Definitions

Revised 12-1-05

The following words and terms, when used in this Subchapter shall have the following meaning, unless the context clearly indicate otherwise.

"Commensurate Wage" means wages paid to a worker with a disability based on the worker's productivity in proportion to the wages and productivity of workers without a disability performing essentially the same work in the same geographic area. Commensurate wages must be based on the prevailing wage paid to experienced workers without disabilities doing the same job.

"Employment Assessment" means the evaluation that identifies the unique preferences, strengths, and needs of the service recipient in relation to work. The assessment determines work skills and work behaviors, is supplemented by personal interviews and behavioral observations, and incorporates information that addresses the service recipient's desired medical, physical, psychological, social, cultural, and educational outcomes, as well as present and future employment options. The assessment, which is updated annually or more frequently as needed, includes support needs, environmental preferences, and possible accommodations.

"Enhanced Rate" means a differential rate established to provide an incentive to agencies to provide community employment services to service recipients with significant needs.

"Group Placement" means two to eight service recipients situated close together, who are provided continuous, long-term training and support in an integrated job site. Service recipients may be employed by the company or by the provider agency. The terms "work crew" and "enclave" also describe a group placement.

"Individual placement in job coaching services" means one service recipient receiving job coach services who:

- (A) works in an integrated job setting;
- (B) receives minimum wage or more;
- (C) does not receive services from a job coach who is simultaneously responsible for continuous job coaching for a group;
- (D) is employed by a community employer or the provider agency; and
- (E) has a job description that is specific to his or her work.

"Individual placement in community-based services" means the service recipient is provided supports that enable him or her to participate in approved community-based activities, as described in OAC 317:40-7-5, individually and not as part of a group placement.

"Integrated Employment Site" means an activity or job that provides regular interaction with people without disabilities, excluding service providers, to the same extent that a worker without disabilities in a comparable position interacts with others.

"Job Coach" means an individual who holds a DDS-approved training job coach certification and provides ongoing support services to eligible persons in supported employment placements. Services directly support the service recipient's work activity including marketing and job development, job and work site assessment, training and worker assessment, job matching procedures, development of co-worker natural and paid supports, and teaching job skills.

"Job Sampling" means a paid situational assessment whereby a service recipient performs a job at a prospective employer's integrated job site, in order to determine the service recipient's interests and abilities. Situational assessments adhere to the Department of Labor (DOL) regulations regarding wages. The Team determines the appropriate type and number of situational assessments for each service recipient.

"On-Site Supports" means a situation in which the job coach is physically at the job site providing job training to a service recipient.

"Situational assessment" means a comprehensive community-based evaluation of the service recipient's functioning in relation to the supported job, including the job site, the community through which the service recipient must travel to and from the job, and the people at the job site such as the job coach, co-workers, and supervisor.

"Sub-Contract With Industry" means the provider agency enters into a sub-contract with an industry or business to pay industry employees to provide supports to service recipients. If the industry agrees, the provider agency may contract with an employee(s) of the industry directly to provide the services. The state continues to pay the provider agency and the agency provides all pertinent information that is required for persons served by the agency. The Team determines what, if any, training is required for the employees of the industry providing services.

"Supported Employment" means competitive work in an integrated work setting with ongoing support services for service recipients for whom competitive employment has not traditionally occurred or has been interrupted or intermittent as a result of disabilities.

"Unpaid Training" means unpaid experience in integrated employment sites in accordance with DOL regulations. Service recipients do a variety of tasks, which do not equal the full job description of a regular worker.

"Volunteer Job" means an unpaid activity in which a service recipient freely participates.

317:40-7-3. Eligibility for Waiver Employment Services

Revised 7-11-05

(a) Individuals served through Waiver Employment Services must be:

- (1) 16 years of age or older for persons receiving services through the Community Waiver, or 18 years of age or older for persons receiving services through the In Home Supports Waiver or the Homeward Bound Waiver; and
- (2) approved for waiver services in accordance with [OAC 317:40-1-1](#).

(b) Services available to the service recipient through the Department of Rehabilitation Services (DRS) or through the state or local education agency are not funded under Waiver Employment Services.

- (1) Service recipients may utilize waiver employment services during times when school is not in session, unless an IEP approved program through the school system is in place.
- (2) All service recipients seeking supported competitive employment make application to DRS. Prior to the authorization of Waiver Employment Services, the case manager completes OKDHS Form DDS-55, Documentation of Application for DRS Supported Employment Services, to be maintained as a permanent entry in the local case record.
- (3) Since services provided by DRS are time-limited by federal law, DDSSD provides long term, on-going supports for individuals who need long-term supports, as described in [OAC 317:40-7-11](#).

317:40-7-4. Services provided through Waiver Employment Services

Revised 6-25-12

(a) Employment Services are offered under the Medicaid Home and Community-Based Waiver for persons with intellectual disabilities at rates prescribed by the Oklahoma Health Care Authority.

(b) Types of Waiver Employment Services offered include:

- (1) Vocational Habilitation Training Specialist (VHTS), Supplemental Support;
- (2) Employment Training Specialist (ETS);
- (3) Center-Based Services;
- (4) Community-Based Services;
- (5) Enhanced Community-Based Services;
- (6) Job Coaching;
- (7) Enhanced Job Coaching; and
- (8) Stabilization Services.

(c) State-funded services described in OAC [340:100-17-30](#) may supplement Employment Services funded through the Community Waiver.

317:40-7-5. Community-Based Services

Revised 6-25-11

Community-Based Services are provided in sites and at times typically used by others in the community and promote independence, inclusion within the community, and the creation of natural supports. Community-based services must reflect the member's choice and values in situations that are typical for age and culture.

- (1) Approved Community-Based Services are individualized work-related supports targeting inclusion into integrated experiences. Community-Based Services are pre-

planned, documented activities supported by a schedule relating to the member's identified employment outcomes. Approved activities include:

- (A) active participation in formalized volunteer activities;
 - (B) active participation in paid or unpaid work experience sites in community settings;
 - (C) training through generic entities such as trade schools, Vo Techs, junior colleges, or other community groups. The provider is paid for the time during which direct supports are necessary and provided;
 - (D) stamina-enhancing programs that occur in integrated settings;
 - (E) transportation to and from employment or community-based activities;
 - (F) meals and breaks which must occur during the conduct of the member's employment activities;
 - (G) job tours or job shadowing scheduled with and provided by a community business entity;
 - (H) using Workforce OK services; and
 - (I) attending job fairs.
- (2) Any other work-related community-based activities must be approved through the exception process described in OAC [317:40-7-21](#).
 - (3) Community-Based Services continue if the member has to go to a center-based facility for support such as repositioning or personal care, as long as the member returns immediately to a planned community-based activity. The amount of time for the repositioning and personal care are based upon a health care positioning plan approved by the Team.
 - (4) Community-Based Services are available for individual and group placements.
 - (A) Individual placement means the member is provided supports that enable him or her to participate in approved community-based activities described in this Section individually and not as part of a group placement.
 - (B) Group Placement means two to five members are provided supports that enable him or her to participate in approved community-based activities described in this Section.

317:40-7-6. Center-Based Services

Revised 6-25-09

(a) Center-Based Services are provided in segregated settings, where the majority of people served have a disability. Any employment service provided where a majority of the people at the site are persons with a disability is billed as Center-Based Services.

(b) Center-Based Services are pre-planned, documented activities that relate to the member's identified employment outcomes.

(c) Examples of Center-Based Services are active participation in:

- (1) paid contract work which occurs in a workshop or other center-based setting.

- (2) Team-prescribed therapy programs such as speech, physical therapy, or switch activation which are implemented by employment provider staff in the workshop or other center-based setting.
- (3) unpaid training or paid work experience which occurs in a setting without opportunities for regular daily interactions with co-workers without disabilities or the general public.
- (4) computer classes, GED preparation, job club, interviewing skills, or other classes whose participants all have disabilities, even if the location is in the community.

(d) Paid contract work is usually subcontracted, and the persons receiving services earn commensurate wage according to Department of Labor regulations.

(e) For SoonerCare reimbursement in Center-Based Services, a member's pay cannot exceed 50% of minimum wage.

(f) Participation in Center-Based Services is limited to 15 hours per week for persons receiving services through the Homeward Bound Waiver, unless approved through the exception process explained in OAC [317:40-7-21](#).

(g) Agency must meet physical plant expectations of OAC [340:100-17-13](#).

(h) During periods in which no paid work is available for members, despite the documented good faith efforts of the provider to secure such work, the employment provider agency ensures that each member participates in training activities that are age appropriate, work related, and consistent with the IP. Such activities may include, but are not limited to:

- (1) resume development and application writing;
- (2) work attire selection;
- (3) job interview training and practice;
- (4) job safety and evacuation training;
- (5) personal or social skills training; and
- (6) stamina and wellness classes..

317:40-7-7. Job coaching services

Revised 6-25-11

(a) Job coaching services:

- (1) are pre-planned, documented activities related to the member's identified employment outcomes that include training at the work site and support by provider agency staff who have completed DDSD sanctioned training per OAC [340:100-3-38.2](#);

- (2) promote the member's capacity to secure and maintain integrated employment at a job of the member's choice paying at or more than minimum wage, or working to achieve minimum wage;
- (3) provide active participation in paid work. Efforts are made in cooperation with employers to adapt normal work environments to fit the needs of members through the maintenance of an active relationship with the business;
- (4) are available for individual and group placements.
 - (A) Individual placement is:
 - (i) one member receiving job coaching services who:
 - (I) works in an integrated job setting;
 - (II) is paid at or more than minimum wage;
 - (III) does not receive services from a job coach who is simultaneously responsible for continuous job coaching for a group;
 - (IV) is employed by a community employer or provider agency; and
 - (V) has a job description that is specific to the member's work; and
 - (ii) authorized when on-site supports by a certified job coach are provided more than 20% of the member's compensable work time. Job coaching services rate continues until a member reaches 20% or less job coach intervention for four consecutive weeks, at which time stabilization services begin.
 - (B) Group placement is two to eight members receiving continuous support in an integrated work site, who may earn less than minimum wage ; and
- (5) are based on the amount of time for which the member is compensated by the employer, except per OAC [317:40-7-11](#).

(b) For members in individual placements, the Personal Support Team (Team):

- (1) evaluates the need for job coaching services at least annually; and
- (2) documents a plan for fading job coaching services as the member's independence increases.

(c) When the member receives commensurate compensation, employment goals include, but are not limited to, increasing:

- (1) productivity;
- (2) work quality;
- (3) independence;
- (4) minimum wage opportunities; and
- (5) competitive work opportunities.

317:40-7-8. Employment training specialist services

Revised 6-25-09

Employment training specialist (ETS) services include evaluation, training, and supportive assistance that allow the member to obtain and engage in remunerative employment. ETS services are:

- (1) provided by a certified job coach;
- (2) not available when subcontracting;
- (3) used to help a member with a new job in a generic employment setting.
 - (A) ETS services are:
 - (i) not available if the member held the same job for the same employer in the past;
 - (ii) available when the member requires 100% on-site intervention for up to the number of hours the member works per week for six weeks per Plan of Care year; and
 - (iii) used in training members employed in individual placements on new jobs when the:
 - (I) member receives at least minimum wage; and
 - (II) employer is not the employment services provider.
 - (B) If the member does not use all of the training units on the first job placement in the Plan of Care year, the balance of training units may be used on a subsequent job placement with the current provider, or with a new provider;
- (4) used in assessment and outcome development for members residing in the community who are new to the provider agency, when determined necessary by the Personal Support Team (Team). The provider:
 - (A) may claim a documented maximum of 20 hours per member for initial assessment. The projected units for the assessment and outcome development must:
 - (i) be approved in advance by the Team; and
 - (ii) relate to the member's desired outcomes; and
 - (B) cannot claim the same period of time for more than one type of service;
- (5) used in Team meetings, when the case manager has requested participation of direct service employment staff in accordance with OAC [340:100-5-52](#), up to 20 hours per Plan of Care year;
- (6) used in job development for a member on an individual job site upon the member's completion of three consecutive months on the job.
 - (A) Up to 40 hours may be used during a Plan of Care year after documentation of job development activities is submitted to the case manager.
 - (B) The job must:
 - (i) pay at least minimum wage;
 - (ii) employ each member at least 15 hours per week; and
 - (iii) be provided by an employer who is not the member's contract provider;
- (7) used in development of a Plan for Achieving Self-Support (PASS) up to 40 hours per Plan of Care year after documentation of PASS development, if not developed by a Community Work Incentives Coordinator or the Department of Rehabilitation Services,

and implementation of an approved PASS after documentation has been submitted to the case manager;

- (8) used in development of an Impairment Related Work Expense (IRWE) up to 20 hours per Plan of Care year after documentation of IRWE development, if not developed by a Community Work Incentives Coordinator or Oklahoma Department of Rehabilitation, and implementation of an approved IRWE after documentation is submitted to the case manager; and
- (9) used in interviewing for a job that is eligible for ETS services.
- (10) If the member needs job coach services after expiration of Stabilization Services, Employment Training Specialist Services may be authorized for the hours necessary to provide direct support to the member or consultation to the employer as described in outcomes and methods in the Individual Plan. The plan should include the process for fading as the member's independence increases and progress documented on OKDHS form 06WP066E.

317:40-7-11. Stabilization Services

Revised 6-25-09

Stabilization Services are ongoing support services needed to maintain a member in an integrated competitive employment site. Stabilization Services are provided for up to two years per job. Stabilization Services continue until the next Plan of Care following the end of two years of Stabilization Services.

- (1) Stabilization Services are provided when the job coach intervention time required at the job site is 20% or less of the member's total work hours for four consecutive weeks or when the member moved from Department of Rehabilitation Services (DRS) services.
 - (A) If, after the member moves to Stabilization, the Team determines that support is needed above 20% for longer than two weeks, the Team may revise the member's Plan of Care to reflect the need for Job Coaching Services.
 - (B) A member receiving services from DRS moves to services funded by DDS upon completion of the Job Stabilization milestone. The employment provider agency submits the request for transfer of funding during the Job Stabilization milestone as described in the DRS Supported Employment contract.
- (2) Stabilization Services must:
 - (A) identify the supports needed, including development of natural supports;
 - (B) specify, in a measurable manner, the services to be provided.
- (3) Reimbursement for Stabilization Services is based upon the number of hours the member is employed at a rate of minimum wage or above.
- (4) If the member needs job coach services after the expiration of Stabilization Services, Employment Training Specialist Services may be authorized for the hours necessary to provide direct support to the member or consultation to the employer as described in outcomes and methods in the Individual Plan.

317:40-7-12. Enhanced rates

Revised 6-25-12

An Enhanced Rate is available for both Community-Based Group Services and Group Job Coaching Services when necessary to meet a member's intensive personal needs in the employment setting(s). The need for the enhanced rate is identified through the Team process and is supported by documentation in the Individual Plan (Plan) with consideration of risk assessment per OAC 340:100-5-56 and assessment of medical, nutritional, and mobility needs and:

- (1) Team assessment per OAC [340:100-5-51](#), OAC [340:100-5-56](#), OAC [340:100-5-57](#), and OAC [340:100-5-26](#) of the member's needs.
- (2) the member must:
 - (A) have a protective intervention plan that:
 - (i) contains a restrictive or intrusive procedure as defined in OAC [340:100-1-2](#) implemented in the employment setting;
 - (ii) has been approved by the State Behavior Review Committee (SBRC) in accordance with OAC [340:100-3-14](#) or by the Developmental Disabilities Services Division (DDSD) staff per OAC [340:100-5-57](#); and
 - (iii) has been reviewed by the Human Rights Committee (HRC) per OAC [340:100-3-6](#);
 - (B) have procedures included in the Individual Plan which address dangerous behavior that places the member or others at risk of serious physical harm but are neither restrictive or intrusive procedures as defined in OAC [340:100-1-2](#). The Team submits documentation of this risk and the procedures to the positive support field specialist to assure that positive approaches are being used to manage dangerous behavior;
 - (C) have a visual impairment that requires assistance for mobility or safety;
 - (D) have nutritional needs requiring tube feeding or other dependency for food intake which must occur in the employment setting.
 - (E) have mobility needs, such that he or she requires two or more people for lifts, transfers, and personal care. Use of a mechanical lift or other assistive technology has been evaluated for the current employment program and determined not feasible by the DDSD division director or designee; or
 - (F) reside in alternative group home as described in OAC [317:40-5-152](#).
- (3) The enhanced rate can be claimed only if the person providing services fulfills all applicable training criteria specified in OAC [340:100-3-38](#).
- (4) There are no exceptions for the enhanced rate other than as allowed in this Section.

317:40-7-13. Supplemental Supports for Center-Based Services

Revised 6-25-09

(a) In those instances when a member receiving Center-Based Services needs additional supports, the provider assigns staff in patterns that most effectively meet the needs of each

member as indicated by a personal care and/or a risk assessment and defined in the Individual Plan (IP) or Protective Intervention Plan.

(b) If re-arranging staff patterns is not sufficient to meet the member's needs, the provider may file a request and plan for Supplemental Supports utilizing Vocational Habilitation Training Specialist Services. Supplemental Supports can be claimed only if provided by a staff member who has completed all specialized training and individual-specific training prescribed by the Team in accordance with OAC [340:100-3-38](#).

(c) Supplemental Supports for Center-Based Services include two types of services, behavioral continuous support, and personal care intermittent support.

- (1) **Continuous Supplemental Supports.** Continuous Supplemental Supports cannot exceed 15 hours per week for persons receiving services through the Homeward Bound waiver unless specifically approved through the exception process described in OAC [317:40-7-21](#).
 - (A) To be eligible for continuous supplemental supports, the member must have:
 - (i) a protective intervention plan that:
 - (I) contains a restrictive or intrusive procedure as defined in OAC [340:100-1-2](#) implemented in the employment setting;
 - (II) has been submitted to the Human Rights Committee (HRC) per OAC [340:100-3-6](#); and
 - (III) has been approved by the State Behavior Review Committee (SBRC) per OAC [340:100-3-14](#) or by the Developmental Disabilities Services Division (DDSD) staff per OAC [340:100-5-57](#); or
 - (ii) procedures included in the protective intervention plan which address dangerous behavior that places the member or others at risk of serious physical harm. The Team submits documentation of this risk and the procedures to the DDSD positive support field specialist to assure that positive approaches are being used to manage dangerous behavior.
 - (B) The Team documents discussion of the need for continuous Supplemental Supports.
- (2) **Intermittent Supplemental Supports.** To receive personal care intermittent support, a member must have a personal care need that requires staffing of at least one-to-one during that time frame when the support is needed.
 - (A) If a member needs intermittent personal care support during Center-Based Services, the Team documents discussion of:
 - (i) the specific support need(s) of the member, such as staff-assisted repositioning, lifting, transferring, individualized bathroom assistance, or nutritional support; and
 - (ii) the calculations that combine the time increments of support to determine the total number of units needed on the Plan of Care.
 - (B) The case manager sends the documentation to the case management supervisor for approval.

- (C) The case management supervisor signs and forwards a copy of the approval, denial, or recommended modifications to the case manager within two working days of receipt.
- (D) A member may receive Center-Based Services and Intermittent Supplemental Supports at the same time.

(d) Supplemental Support for Center-Based Services described in this Section cannot be accessed in Community-Based Services.

(e) Sufficient staff must be available in the center-based facility to provide the supplemental support in order for a provider to claim the units.

317:40-7-15. Service requirements for employment services through Home and Community-Based Services Waivers

Revised 6-25-12

(a) The Developmental Disabilities Services Division (DDSD) case manager, member, a member's family or, if applicable, legal guardian, and provider develop a preliminary plan of services including:

- (1) site and amount of the services to be offered;
- (2) types of services to be delivered; and
- (3) expected outcomes.

(b) To promote community integration and inclusion, employment services are only delivered in non-residential sites.

- (1) Employment services through Home and Community-Based Services (HCBS) Waivers cannot be reimbursed if those services occur in the residence or property of the member or provider-paid staff, including garages and sheds, whether or not the garage or shed is attached to the home.
- (2) No exceptions to OAC 317:40-7-15(b) are authorized.

(c) The service provider is required to notify the DDSD case manager in writing when the member:

- (1) is placed in a new job;
- (2) loses his or her job. A Personal Support Team (Team) meeting must be held if the member loses the job;
- (3) experiences significant changes in the community-based schedule or employment schedule; or
- (4) experiences other circumstances, per [OAC 340:100-3-34](#).

(d) The provider submits Oklahoma Department of Human Services (OKDHS) Provider Progress Report per [OAC 340:100-5-52](#), for each member receiving services.

(e) The cost of a member's employment services, excluding transportation and state-funded services per [OAC 340:100-17-30](#), cannot exceed \$25,000 per Plan of Care year.

(f) Each member receiving residential supports per [OAC 340:100-5-22.1](#) or group home services is employed for 30 hours per week or receives a minimum of 30 hours of employment services, each week, excluding transportation to and from the member's residence.

- (1) Thirty hours of employment service each week can be a combination of community-based services, center-based services, employment training specialist (ETS) intensive training services, stabilization services, and job coaching services. Center-based services cannot exceed 15 hours per week for members receiving services through the Homeward Bound Waiver.
- (2) Less than 30 hours of employment activities per week requires approval per [OAC 317:40-7-21](#).

317:40-7-20. Waiver Employment Services provider staff qualifications and training

Revised 7-11-05

(a) The provider designates a program manager to supply work-site supervision, guidance, and oversight of job coach specialists and paraprofessional staff providing direct services in the waiver employment program. Prior to assuming program management duties, the program manager:

- (1) has completed all required training specified in [OAC 340:100-3-38](#); and
- (2) has a minimum of four years of any combination of college level education and "full time equivalent" experience in serving persons with disabilities.

(b) A job coach addresses the person's needs as identified in the service recipient's chosen employment outcomes under the professional oversight of the program manager.

- (1) The provider designates job coaches whose minimum level of education includes a high school diploma or general equivalency diploma (G.E.D.) and certification through the Division's approved training course.
- (2) Individuals who do not meet the educational requirement but who were certified job coaches prior to July 1, 1995, continue to be approved to provide Job Coaching Services.

(c) The provider agency ensures that all staff comply with DDS-approved training requirements specified in [OAC 340:100-3-38](#).

317:40-7-21. Exception process for employment services through Home

and Community-Based Services Waivers

Revised 6-25-11

(a) All exceptions to rules in [OAC 317:40-7](#) are:

- (1) approved per [OAC 340:40-7-21](#) prior to service implementation;
- (2) intended to result in the Personal Support Team (Team) development of an employment plan tailored to meet the member's needs;
- (3) identified in the Individual Plan (Plan) process per OAC [340:100-5-50](#) through [340:100-5-58](#); and
- (4) documented and recorded in the Individual Plan by the Developmental Disabilities Services Division (DDSD) case manager after Team approval.

(b) A request for an exception to the minimum of 30 hours per week of employment services, per [OAC 317:40-7-15](#), includes documentation of the Team's:

- (1) discussion of:
 - (A) current specific situation that requires an exception;
 - (B) all employment efforts, successful and unsuccessful, made by the member and Team in the past year; and
 - (C) progress toward previous exception strategies or plans;
- (2) plan with specific steps and target dates to address the situation throughout the Plan of Care year so the exception may be lessened or no longer necessary at the end of the Plan of Care year; and
- (3) specific residential schedule to provide integrated activities outside the home while the plan to increase to 30 hours is implemented.

(c) A request for an exception to the maximum limit of 15 hours per week for center-based services, per [OAC 317:40-7-6](#), or continuous supplemental supports, per [OAC 340:40-7-13](#), for a member receiving services through the Homeward Bound Waiver includes documentation of the Team's:

- (1) discussion of:
 - (A) current specific situation that requires an exception;
 - (B) all employment efforts, successful and unsuccessful, made by the member and Team in the past year; and
 - (C) progress toward previous exception strategies or plans; and
- (2) plan with specific steps and target dates to address the situation throughout the Plan of Care year so the exception may be lessened or no longer necessary at the end of the Plan of Care year.

(d) A request for an alternative to required community-based activities per [OAC 317:40-7-5](#) includes documentation of the Team's:

- (1) discussion of:
 - (A) current specific situation that requires an exception;
 - (B) all employment efforts, successful and unsuccessful, made by the member and Team in the past year; and
 - (C) progress toward previous exception strategies or plans; and
- (2) plan with specific steps and target dates to address the situation throughout the Plan of Care year so the exception may be lessened or no longer necessary at the end of the Plan of Care year.

(e) Exception requests per [OAC 340:40-7-21](#)(f) are documented by the DDS case manager after Team consensus and submitted to the DDS area manager or designee within ten working days after the annual IP or interim Team meeting. The area manager approves or denies the request with a copy to the DDS area office claims staff and case manager based on the thoroughness of the Team's discussion of possible alternatives and reasons for rejection of the other possible alternatives.

- (1) State dollar reimbursement for absences of a member receiving services through the Community Waiver in excess of 10% of authorized units up to 150 units is approved for medical reasons only. The request includes:
 - (A) Team's discussion of current specific situation that requires an exception;
 - (B) specific medical issues necessitating the exception request; and
 - (C) a projection of units needed to complete the State fiscal year.
- (2) A request for any other exception to rules in [OAC 340:40-7-21](#) requires documentation of the Team's discussion of:
 - (A) current specific situation that requires an exception;
 - (B) all employment efforts, successful and unsuccessful, made by the member and Team in the past year; and
 - (C) progress toward previous exception strategies or plans.

(f) The DDS director or designee may review exceptions granted per [OAC 340:40-7-21](#), directing the Team to provide additional information, if necessary, to comply with [OAC 340:100-3-33.1](#) and other applicable rules.

Appendix B: Oklahoma Contracts with Industry

317:40-7-18. Contracts with industry

Revised 5-11-07

(a) The Oklahoma Department of Human Services (OKDHS) Developmental Disabilities Services Division (DDSD) may contract with an industry to provide job coaching services through a Natural Supports Initiative. The employer:

- (1) designates an existing employee to serve as job coach.
 - (A) The job coach completes training as approved by the DDSD director of Human Resource Development.
 - (B) Training and support are available for members on the job; and
- (2) is reimbursed at the individual placement in job coaching rate based on the hours the member works for the first six months.
 - (A) After the first six months of employment, the employer is reimbursed at the stabilization rate based on the hours the member works.
 - (B) Stabilization services may be provided for up to one year per job.

(b) An employment provider may subcontract with an industry to provide job coaching services to members who are eligible.

- (1) The subcontract with an industry must be reviewed and accepted by the Personal Support Team and member or legal guardian prior to the execution of the subcontract.
- (2) Approval by OKDHS:
 - (A) of any subcontract does not relieve the primary employment provider of any responsibility for performance per OAC 317:40-7; and

(B) to subcontract with an industry is given only when it is determined the member's needs can best be met by additional natural supports provided by industry employees.

Supporting People Naturally in the Workplace



Contracts with Industry

"YOU GET ATTACHED TO THE PEOPLE YOU WORK WITH EVERYDAY. WE ARE LIKE A BIG WORK FAMILY HERE."

Tim Auwen (right) with his boss J.R. Williams at J.R.'s Pack-A-Way in Pauls Valley.

By JaNiece Cranmer, Developmental Disabilities Services Division

Tim Auwen and Don Factor have a lot of things in common. They have been good friends for many years, they both live in Pauls Valley, and they share the same DDSD case manager.

These men have one other thing in common. They are both working in jobs through an innovative DDSD employment program called Contracts

With Industry, a program that allows for natural job supports to be provided directly by a business.

Friendships Can Result in Jobs

Tim Auwen has been employed at JR's Pack-A-Way for almost five years. Tim works Monday through Friday, 8 a.m. until 2:30 p.m., stocking shelves, emptying the trash, cleaning the bathrooms, checking in new merchandise and pulling the old merchandise off the shelves.

"The best quality in Tim is his personality," said J.R. Williams, owner of JR's Pack-A-Way. "Everybody comes into the store and wants to know where he is."

Tim boasts that he is up on all the small-town chitchat.

"I like coming to work and seeing fellow employees and distributors," said Auwen. "You get attached to the people you work with everyday. We are like a big work family here."

As Tim and J.R. describe it, their occupational situation came about from a solid friendship.

“Tim is a good friend that has come to be an employee,” said Williams. “He is a good friend and a good asset to the store. We are just glad to have him.”

Beth Walker, Tim’s case manager, points out that jobs often stem from friendships. She says the Contracts with Industry program allows people to find and sometimes create jobs in places they do business or even volunteer as was the case of another one of her clients, Don Factor.

Don had been employed at Pat’s Swap Shop for two years, but recently became approved for new job at the Clowns for Christ thrift store. Don had volunteered in the store every afternoon and wanted to work full time. Clowns for Christ recently obtained a contract with DDS to hire Don and pay him for his work.

Don’s job duties at the thrift store include cleaning, vacuuming, running the cash register, sorting clothes, and keeping everybody else within the store in check.

“Don pretty much runs the place,” said Sam Lambert, volunteer advocate and manager of Clowns for Christ.

Don refers to Lambert as ‘Dad’ and says that his relationship to Lambert is his favorite part of his job.

“I like everything, but I love talking to Dad,” said Factor.

Joan Sweetman, co-owner of Pat’s Swap Shop, says Don’s presence at the shop is sorely missed.

“Don was known by everybody that came in,” said Sweetman. “He is the best worker we have ever had.” Consequently, Sweetman said, they have already requested another person through DDS to fill Don’s job.

Walker says employment has brought new identities to both Tim and Don.

“Having this job builds Tim’s self-esteem and social interaction,” said Walker. “Don was a little bashful, but his jobs have given him the opportunity to be around people and improve his social skills.”

Walker adds that these jobs also give Tim and Don financial freedom to spend their own money and to live on their own.

“I try to put it in the bank,” said Factor of his earnings. “I like going out to eat and gambling at the casino though.”

“These gentlemen are eager to get up and go to work in the morning,” said Walker. “Isn’t that what life should be all about?”

The Program

Contracts with Industry is not a new program. It’s been around since the 1990’s but was previously referred to as the Natural Supports Initiative, said Regina Chace, DDS Employment Services director. It was called that because the business provides the job coaching support that becomes a natural part of the workplace.

Individuals participating in this program are employed by the business and are paid at minimum wage or better. The business assigns a co-worker to provide the needed job coaching to help the individuals learn their job duties and maintain employment.

Chace said they changed the name of the program to more accurately describe the difference between that and other DDS employment options that typically involve an employment provider agency and paid job coaches.

“This is a contract directly with the business to provide the job coaching service,” Chace said. “The key is getting individuals trained and familiar enough with their work so there is no need for paid support. That’s the whole intent of the program.”

The employer is reimbursed for needed services up to six months of job coach training. DDS policy changes in 2007 will allow payment for stabilization for up to one full year in order to address additional training if needed.

Chace says this is a great program for areas of the state where there are no provider agencies.

“There has been a lot of interest, ‘said Chance.’ In fact during the past three years there have been 18 businesses across the state participating in this program.”

One hopes the policy changes will encourage even more business participation and growth within the program for the upcoming year.

“This is just another way people can be supported in community jobs through DDS,” said Chance. INTERFACE NEWSLETTER



For more information on DDS employment services or the Contracts with Industry option, contact your local DDS case manager.

Appendix C: Maryland MOU

COOPERATIVE AGREEMENT

Employment Services

With

**Maryland State Department of Education
Division of Rehabilitation Services**

And

**Maryland State Department of Health and Mental Hygiene
Developmental Disabilities Administration**

October 2013

The Full Cooperative Agreement can be found at:

<http://dda.dhmf.maryland.gov/SitePages/Developments/Oct13/DORS%20DDA%20MOU%202013.pdf>