

Key Principles

<p>Presumption of Employability for all</p>	<ul style="list-style-type: none"> • 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 mitigate, to the maximum extent possible, any disincentives to serving individuals with more significant barriers to employment or support needs
<p>Continuous Improvement</p>	<ul style="list-style-type: none"> • The system should be primarily focused on producing and maximizing individualized, integrated, employment outcomes at competitive wages • 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
<p>Provider Competencies</p>	<ul style="list-style-type: none"> • 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.
<p>Flexibility</p>	<ul style="list-style-type: none"> • 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.

Limitations for Fee-for-Service Reimbursement for Supported Employment

- No financial incentive to get people jobs where fading is possible (well-matched jobs, natural supports, etc.)
- No incentive to implement strategies to allow fading
- By contrast, providers who do poor job matching and don't implement fading strategies experience no reduction in funding
- Restrictions around only billing for face-to-face delivery
- No incentives to increase the hours a supported employee works
- No strong incentives for providers to prevent job loss.
- No incentive to achieve employment outcome in an efficient manner.
- With fee-for-service models, the more capable organization receives less funding as a result of being more capable.
- With outcome-based models, best practice service delivery and outcomes are both rewarded financially.

CMS Informational Bulletin (September 16, 2011) supports outcome-based reimbursement when discussing acceptable rate methodologies: "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."

Oklahoma

- Oklahoma's outcome-based reimbursement model was developed in 1995 and they have one of the highest integrated employment rates in the county.
- State policy sets an expectation that every individual served by the state DD agency participates in full-time employment (defined as 30 hours a week). Center-based services (sheltered work) cannot exceed 15 hours per week without an exception. Exception process requires explanation of how community integration will be ensured for each person.
- Adult Day services are primarily a service to support retirement. Requires an exception to policy for anyone under age 62 and providers must have a contract with Area Agencies on Aging. Oklahoma funds no facility-based Adult Day services and never has.
- The annual cost of employment services may not exceed \$27,000 per individual.
- 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/week.
- Stabilization is met when the individual has worked successfully for a total of 12 weeks. To achieve job stabilization, the individual must work at least two entire shifts without support in one week.
- When individuals with DD transition from VR to long-term supports, they go directly into supported employment stabilization. Given this, only individuals expected to be able to achieve this level of job independence are typically referred to VR.
- Flat rates per hour worked for job coaching were based on provider-reported costs and assumptions of the average amount of service needed. So, for example, if an individual is working 20 hours per week, the provider earns \$17.20/hour for every hour the individual works, even if they only provide 12 hours of job coaching. Once the individual achieves job stabilization (<20% support), the rate drops to \$5.36/hour the individual works, regardless of support provided. This can continue for 24 months, or longer if justified.

Strengths: Oklahoma's model has a strong emphasis and expectation of work, and the commitment to ensuring individuals have a full week (30 hours) of support. Oklahoma's model has been operating for nearly twenty years and the state has one of the highest integrated employment rates in the country.

Weaknesses: Flat rate per hour does not take account of level of disability or length of time on the job; Payment rates for group models are not adjusted for staffing ratios and so create a financial incentive. System does not incentivize career advancement or take account of geographic differences.

Wisconsin

- Wisconsin's long-term care system is operated through nine regional non-profit managed care organizations (MCOs).
- Wisconsin's outcome-based reimbursement model for supported employment was developed in 2011 and 2012 and used Oklahoma as a foundation.
- Wisconsin's model accounts for level of disability so there is no disincentive to serve individuals with more complex needs; it ensures cost-effectiveness and encourages providers to bring new people into supported employment.
- Their model was developed by establishing anticipated support levels for people with varying levels of disability and at various points in the life of their job. A matrix was created with four levels of disability and three lengths of time of employment. A level of care assessment was used to determine level of disability tiers.
- The range of monthly budget amounts for working-age individuals was used to create four tiers of equal ranges. Providers were asked to report current data on the number of hours the individual worked per week, amount of support, and length of time the individual had held his/her current job. The data reinforced the expectation that people with higher levels of disability require more supports than people with lower levels of disability and that support needs decrease over time.
- The data 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 used to establish outcome-based payments per hour worked. A base rate of \$32/hour was used for job coaching, and the rates range from \$30.40 to \$7.68 per hour the individual works. (e.g. assumes 95% for Tier 1, in the first 11 months on the job to 24% for Tier 4, 25+ months on the job).
- The MCO ran side-by-side billing comparisons over the course of six months to show providers how their revenue would differ under the new model. The transition was cost-neutral for the MCO; Impact to providers would vary based on performance. Technical assistance was offered to providers who were going to realize a net decrease to improve their service delivery and outcomes.
- Wisconsin's model incentivized better jobs (jobs with benefits) by reimbursing providers for an employee's paid time off.
- An exception policy was implemented for those individuals who require an increased need for support (e.g. 24-hour supervision, certain criminal convictions or diagnoses).
- Most individuals served by the managed care long-term system in Wisconsin go through VR to obtain employment. For those who do not use VR, the MCO developed tiered outcome payments for job

development, payable upon the start date of the job. These payments are intentionally lower than VR and range from \$1600 to \$650.

- MCO requires providers to submit monthly invoices that report the hours worked by each individual and the length of time each individual has held his/her job. MCO randomly audits providers and requests proof of employment (pay stubs, time cards, etc.)
- Through policy, the MCO limited the size of small group employment to no more than four people. Rates are adjusted according to group size.

Weakness: The Wisconsin model incentivizes hours worked but does not incentivize wage rates or career advancement.

Oregon

- Oregon's model was developed using both Oklahoma and Wisconsin as foundational models and also pays for every hour the supported employee works.
- Like Wisconsin, Oregon's rates are also tiered based on level of disability (six tiers, based on SIS).
- There are two phases (initial and ongoing). Support percentages are not based on actual data from the supported employees.
- Rate methodology was based on provider cost surveys.
- The hourly rate for the job coaching service (which varies according to SIS) is multiplied by projected support percentages (e.g. Tier 6, 100% initial and on-going; Tier 1, 50% initial, 25% ongoing). It is important to note that the anticipated average hours worked by the supported employee is well below the national average, but are based on existing data on supported employees in Oregon.
- Oregon DD has an agreement with Oregon VR. DD funds Discovery as a waiver service on an outcome basis. The payment for this is \$1600 (40 hours) and results in the creation of an "employment proposal," which is part of the referral package to VR. VR pays for job development using two outcome-based milestone payments.
- For individuals who are not referred to VR, DD also has a tiered rate structure based on level of disability (SIS) also based on two milestone payments (placement/90-day retention).
- Group supported employment is paid based on a per-hour of participation basis. Staffing ratios are very low (Tier 1, 1 : 2.5) and because they are required on provider contracts, this does not create a financial incentive for providers.

Weakness: The Oregon model does not include a mechanism to incentivize wage rates or career advancement.

Potential Concern: The Oregon model is generously funded which should result in high quality service and minimal staff turnover, but only if providers are held to wage floors in contracts.

Maryland

- In Maryland, the majority of individuals who receive services are Medicaid-eligible. DDA has four regional offices that assist with administrative oversight and case management services either directly or with contract agencies.

- Maryland uses a prospective payment system. They do not reimburse providers for services; rather they pay providers quarterly prospective payments based on projected earnings. Providers must reconcile payments received with actual services delivered at the end of the fiscal year and reimburse DDA for any overpayment (or be reimbursed by DDA for underpayment).
- Rates are computed using individual's assessed need, provider costs, and add-ons.
- Maryland has been using the Individual Indicator Rating Scale (IIRS) for nearly 30 years but has decided to switch to SIS as a more appropriate tool. DDA is piloting SIS and will hire consultants to develop algorithms for resource allocation based on sample assessments and recommend a new rate-setting methodology.
- A law enacted in 2010 mandates annual provider rate increases and requires DDA to conduct an independent cost-driven rate-setting study to set provider rates for community-based services.
- Maryland submitted a major set of amendments for its 1915(c) waiver on March 27, 2014, which is still in negotiations. The application reflects major changes in service definitions for day hab and supported employment and is consistent with CMS guidance from 2011 and recent DOJ guidance on ADA.
- Summaries of definitions and unit rates are below:
 - Day Hab (ensures provision of services in the most integrated setting appropriate): 212 days, \$91.21/day
 - Supported Employment (employment in integrated work settings; provides opportunities to interact with non-disabled individuals to the same extent as individuals employed in comparable positions would interact): 212 days, \$74.07/day
 - Employment Discovery and Customization (designed to assist participants to access employment, explore possibilities/impact of work; assist participants to develop career goals through career exploration, job development and related services. Time-limited activities are provided up to six months, which include assessment, discovery, customization and training activities. The service also includes pre-employment benefits counseling): 21 days, \$91.21/day
 - Community Learning Services (increase individual level of independence and reduce level of service need. 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: 37 days, \$91.21/day
- Maryland's VR and DDA have an interagency agreement that provides for presumption of eligibility and order of selection for individuals who are DD-eligible. Ohio's only allows for presumption of eligibility, not OOS.

Iowa

- Iowa is currently engaged in 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, integration of Olmstead principles, and a requirement to report outcomes, not just service utilization.

- Counties used to be responsible for the state matching funds for the ID HCBS waiver and for the State Plan HCBS under section 1915(i). That responsibility reverted back to the state on July 1, 2012. Today the counties have NO responsibilities for providing matching funds for these Medicaid services.
- Under the most recent changes in state law for mental health and disability services, the 99 counties have organized into regions. The regions MUST cover day and employment services for targeted groups that are NOT covered under the HCBS.
- The following link is for the most current version - November 2013- of the rule and it became effective January 1, 2014. Allan will complete further analysis on how financial shifting reverted back to the state: <https://www.legis.iowa.gov/docs/ACO/chapter/441.25.pdf>
- Amendments to service definitions and rate methodology for Iowa's system are currently on hold, and the information is embargoed. Currently, the state is adjusting to a change in its Medicaid FMAP and a resulting shortfall of over \$10 million. As soon as the information is available, this report will be revised.

Weakness: In reviewing the current rates for Iowa's services, it is clear that incentives are not present to promote and support Employment First. In fact, the most stable and predictable funding for a provider is to continue to serve individuals with a full day of day hab.

Conclusion

- 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 and thus should be a critical factor in rate setting.
- In order to achieve the best model, states will benefit most by reviewing and readjusting rates across all day and employment service options simultaneously.
- Rates alone are not enough to move people from day and sheltered work services to supported employment. 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 provider to keep people in certain types of services, but service planning ultimately dictates what services are purchase and how funding spent.