



# State Employment Practices: Funding for Employment Services

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*As state developmental disability service systems strive to balance myriad challenges, the inevitable question of funding must be addressed. Through State Employment Leadership Network (SELN) events, member states have regularly expressed the need for additional analysis and insights related to rates, reimbursement, and funding issues. This series of Funding Summaries is intended to shed light on the complexities as well as successes experienced across the country.*

|                      |    |
|----------------------|----|
| Tennessee .....      | 3  |
| Connecticut.....     | 6  |
| Oklahoma .....       | 9  |
| Florida.....         | 16 |
| North Carolina ..... | 20 |

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## 1. Introduction and system priorities

In 2002, Tennessee's Division of Mental Retardation Services (DMRS) implemented *Employment First!*, setting the standard that employment is the first day service of consideration for adults with intellectual disabilities. Funding rates have been restructured to support this vision.

*Employment First!* grew out of the work of several advocacy groups, including the Tennessee Council on Developmental Disabilities and the Arc of Tennessee, as well as stakeholders in the state's settlement of several federal lawsuits. Individually, each of these groups began to discuss the importance of expanding integrated employment in Tennessee. The ARC of Tennessee and the Tennessee Council on Developmental Disabilities are noted for the development and submission of separate position papers to DMRS to make employment the first day service option. Additionally, the Tennessee Council on Developmental Disabilities offered a challenge grant to DMRS in an effort to increase integrated employment outcomes across the state. The challenge grant, along with data on the desires of individuals served, and advocacy by stakeholder groups were all factors that led DMRS to implement *Employment First!*

Additionally, the Tennessee Employment Consortium (TEC) has been and continues to be an integral component of the success of *Employment First!* TEC is composed of representatives from the DMRS, the Tennessee Division of Rehabilitation Services (DRS), the Tennessee Council on Developmental Disabilities, community rehabilitation providers (CRPs), family members and other stakeholders.

## 2. Service definitions

*Employment First!* defines employment as a job in an integrated community setting which provides opportunities to earn competitive wages and benefits equal to the job's responsibilities and that encourages a person to work to his or her maximum potential. The initiative assumes that both formal job supports (employment provider staff, technology, etc.) and informal job supports (co-workers, friends, family, etc.) should be available on an ongoing basis to meet individual support needs, and that any job should be developed as part of a larger career plan.

## 3. Billable activity and unit (rate structure)

In 2005, Tennessee transitioned from an hourly rate to a daily rate system. The day rates allow people to move more fluidly between various services. The current rate structure not only pays more for individual jobs than for group jobs, but generally pays more for any community employment outcome than for sheltered employment and community-based activities. Payment for transportation services is included in each of the daily rate types (employment, community, and facility).

The rates are structured by the level of need that a person requires on the job (*see table 1*). All Medicaid Waiver-funded rates are daily rates.

The Follow-Along rate category is state-funded and requires two contacts per month (the minimum to meet DRS follow along requirements). Traditionally, people do not transition from the Individual Employment-Based rate to the Follow Along rate due to systems issues in mixing Waiver and State funded services in cost plans. The state is currently exploring how to resolve this issue.

## 4. Explanation of funds

Employment supports through DMRS are funded by the three Medicaid Waivers as well as state funds.

**Table 1: DMRS Waiver-Funded Employment-Based Rate Structure**

| Service         | Description   | Rate per day |
|-----------------|---|--------------|
| Individual Rate | If the individual works 2 or more hours per day, the job coach is required to make a minimum of 3 contacts per week with the person. One contact must be at the job site. | \$77.25      |
| Group Rate      | This rate is applied when 4 or more people are working as a group in the community (enclave).   | \$44.45      |
| Special Needs   | This rate is used when the person requires constant one on one support from a job coach.  | \$107.60     |
| Level 6         | This rate is used when a person requires the constant support of 2 job coaches.   | \$128.20     |

## 5. Role of VR funding

The Department of Rehabilitation Services (DRS) and DMRS have worked together closely to coordinate employment services.

Providers of DMRS-funded services are obligated to provide people with six hours of day services. However, DMRS and DRS funding can be braided. DRS pays for the achievement of milestones such as Job Site Assessments, Placement, and Stabilization. For example, if a person participates in a DRS-funded job site assessment that lasts four hours, the provider can receive payment for the achievement of that milestone while simultaneously billing DMRS for the day based on how time was spent in the remaining two hours. The provider must note in the file why the person was not provided with a full six hours of DMRS-funded day services.

In Tennessee, DRS funding must be exhausted before DMRS employment-based services funding can be accessed. Once a person has achieved stabilization, the provider may begin accessing DMRS employment-based funding. It is important to note that until December 2006, there was great disparity across Tennessee as to when it was appropriate to transition from DRS to DMRS employment-based funding. In December 2006, DMRS Deputy Commissioner Stephen Norris issued a memo clarifying that providers could begin accessing DMRS employment-based funding after the completion of the stabilization phase. The Tennessee Employment Consortium (TEC) played a pivotal role in the development of this policy, including developing a process chart that was an integral part of the policy clarification.

## 6. Relationship between level of need and funding structure

The need of an individual determines what employment-based rate is authorized (*see table 2*). The Special Needs Rate funds constant 1:1 job coaching. It is not atypical for someone to need constant job coaching in the initial stages of employment. However, as someone gains experience and confidence, he or she may no longer need this level of support. In this situation, the provider would decrease the level of support from the Special Needs Rate to the Individual Rate. At its minimum, the Individual

Rate requires that the provider contact the person three times per week, with one contact being at the job site. Conversely, due to circumstances such as learning a new skill or acquiring a different job, a person may need to increase his or her level of support for a time.

## 7. Pricing methodology

While DMRS was developing its pricing methodology, TEC offered basic recommendations to guide the creation of the funding system. TEC suggested that an individual supported employment rate category be established that paid a higher rate for integrated employment than for facility-based or community-based non-work services. This would provide an incentive for provider agencies to transition individuals into employment and facilitate the appropriate fading of job coaching without financially penalizing provider agencies.

Providers can bill for a maximum of 243 days per year. Billing is limited to five days per week for all day services. Facility-based and community-based services can only

**Table 2: DMRS Day Service Daily Rates\***

| <b>Employment-based Services</b>                                     |          |
|--|----------|
| Employment (3 people or fewer at a site, at least 3 contacts a week) | \$77.25  |
| Group Model (4 or more at a site)                                    | \$44.45  |
| Special Rate (1:1 supervision at site)                               | \$107.60 |
| Special Rate (2:1 supervision at site)                               | \$128.20 |
| Follow-along (2 contacts a month – Note-this is a monthly rate)      | \$338.80 |
| <b>Facility-based Services</b>                                       |          |
| Rate 1: Level 1  | \$30.65  |
| Rate 2: Level 2  | \$38.45  |
| Rate 3: Level 3  | \$51.80  |
| Rate 4: Level 4  | \$74.95  |
| Rate 5: Level 6**  | \$125.65 |
| <b>Community-based Services</b>                                      |          |
| Rate 1: Levels 1-3   | \$59.40  |
| Rate 2: Level 4  | \$92.40  |
| Rate 3: Level 6**  | \$128.20 |

\* Except for Follow-Along, all rates are daily.

\*\* Level 5 is Medical Residential, which is an inclusive, 24 hour residential service with a nursing component.

be billed on the weekdays. However, in the case of employment that is staff-supported, providers may bill for employment-based services on Saturdays and Sundays as well. As mentioned previously, billing for day services is limited to five days per week for all day services—including employment-based.

## 8. Incentive structure

Through TEC, DMRS, DRS and the DD Council partner to provide funding that drives the development and implementation of best practices.

In 2005, TEC allocated \$100,000 to create the Integrated Employment Incentive Grants to fund stipends of \$1,000 per successful integrated job placement. The stipend was awarded to any person or organization that assisted an individual who receives DMRS funding to secure integrated employment. Additionally, the stipend award is contingent upon DRS's successful closure of the case. The stipend applicant, which can be either an individual or an organization, must have a signed Letter of Understanding with DRS. The goals of these requirements are:

- ❖ To emphasize the importance of working with both DMRS and DRS;
- ❖ To ensure a seamless transition between the two state agencies; and
- ❖ To encourage CRPs to access inter-agency funding for integrated employment.

In 2006, TEC increased the stipend amount to \$1,500. Current efforts are underway to continue the stipend process while shifting its focus to award efforts that result in placements that will spur even greater systems change such as customized employment.

## 9. Issues/ Implications

Tennessee DMRS and its partners believe in the inherent value of employment. Aside from providing a paycheck, employment provides the opportunity for people to realize their potential in an infinite variety of ways.

The strength of DMRS' belief in the power and the value of employment is reflected in two essential components of *Employment First!*:

- ❖ That employment trumps all— meaning if a person works at least two hours per day, the provider may

claim the employment-based rate for the entire day rather than having to adhere to the rule that billing must reflect the way in which time was spent for the majority of the six hours of DMRS-funded day services.

- ❖ The structure of the Individual Rate rewards providers that have been able to develop supports that allow people to succeed at work without the constant presence of a job coach.

DMRS continues to work in partnership with the DD Council, DRS and TEC to realize the potential of *Employment First!*

## RELATED ICI PUBLICATIONS

### **The Tennessee Employment Consortium (TEC): A Statewide Collaboration for Change**

The Tennessee Employment Consortium (TEC) is a statewide organization focused on increasing the number of Tennesseans in integrated employment. The consortium comprises volunteers from the state's Division of Mental Retardation Services and Division of Rehabilitation Services, the Tennessee Council on Developmental Disabilities, the Arc of Tennessee, the Center on Disability and Employment at the University of Tennessee, community rehabilitation providers, family members, and other stakeholders. The Consortium's ability to organize collaborative activities across state agencies, advocacy organizations, and providers has played an important role in increasing integrated employment outcomes.

[www.communityinclusion.org/article.php?article\\_id=206&type=topic&id=21](http://www.communityinclusion.org/article.php?article_id=206&type=topic&id=21)

### **Employment First! Making Integrated Employment the Preferred Outcome in Tennessee**

The Employment First initiative was a pioneering act in Tennessee not only because it made integrated employment the preferred service outcome but because it was developed and implemented in cooperation with multiple stakeholders. This broad coalition of support led to an ongoing commitment across the state to expand integrated employment.

[www.communityinclusion.org/article.php?article\\_id=202&type=topic&id=4](http://www.communityinclusion.org/article.php?article_id=202&type=topic&id=4)

## 1. Introduction and system priorities

The funding structure for Connecticut's Department of Developmental Services is driven by a mission of consumer choice and self-determination. Under this system, consumers and families are allocated funds and have three options for utilizing those funds: 1) self-direction, whereby funds are used to self-manage services; 2) obtaining services from a qualified service provider; and 3) obtaining services from a qualified service provider, with the consumer or family picking staff from either existing personnel or new personnel not currently with the agency.

Until recently, the funding structure for day and employment services in Connecticut consisted solely of master contracts with approximately 100 service providers, which essentially purchased "capacity" or slots. The amount of funding received by service providers for similar services varied, which limited the level of choice and portability individuals had, since movement to a more expensive program cost DDS more money than the department did not necessarily have. There was also significant unused capacity, and wage disparity among service providers resulted in staff turnover, and a negative impact on the quality of care.

DDS felt there was a need to revise the funding structure in order to introduce portability into the system of contractually based services. The ultimate catalyst for revision of the rate structure was the state's new Home- and Community-based Waivers, which went into effect in 2005. The new waivers resulted in the development of a new rate structure in a very short timeline, with discussions commencing in January 2005. The new structure was implemented in April 2005. Under the waiver, the state is to provide individuals and families with sufficient choice in services. Therefore, rates cannot be so low as to limit the number of service providers.

## 2. Service definitions and rate structures

The rate structures outlined in the table (see page 8) went into effect as of April 1, 2005, for all new individuals entering the system and all individuals exercising the portability option. Master contracts continue to remain in effect for all other individuals. However, the department's goal is to convert master contracts to this new rate structure over the next two

to three years. A challenge is bringing the lower-rate service providers up to the same level of funding as other service providers, which the department estimates will cost \$22 million for employment and day services.

## 3. Explanation of funds

A majority of employment and day services for the Connecticut Department of Developmental Services are funded through two Home- and Community-based Waivers. State funds are used to supplement these waiver funds.

## 4. Role of VR funding

The primary interagency collaboration is with the public vocational rehabilitation agency, the Bureau of Rehabilitation Services (BRS). However, there is no blanket agreement with BRS for supporting the initial cost of placement. This occurs on a case-by-case basis at the regional and local level when DDS agrees to fund the long-term supports for those who need them.

## 5. Relationship between level of need and funding structure

Each DDS region in Connecticut has a Planning and Resource Allocation Team (PRAT). The PRAT reviews the individual's Level of Need assessment and allocates funding for each individual based on the assessment. Funding levels are as follows:

- ❖ \$13,260– minimum need
- ❖ \$20,686– moderate need
- ❖ \$31,824– comprehensive need

A standardized methodology, developed by a research consultant from the University of Connecticut, is used to determine level of need. The state formerly had a five-part assessment that provided a rough estimate of need. Replacing that assessment process with the current Level of Need tool was considered essential for conversion to the new funding mechanism.

The process used by the PRATs includes the following steps: 1) assessment of need, 2) comprehensive planning, and 3) link with services. PRATs meet on a weekly basis. It can take approximately two to four weeks to make a rate re-determination if a person's service needs change (e.g., loss of job).

## 6. Pricing methodology and setting the rates

- ❖ **Staff salaries as basis of rate:** The main component in the development of rates in Connecticut is the salary of direct support workers, using data from the service providers as a starting point. In addition, DDS also examined the Department of Labor salary survey to gain a sense of hourly wages for direct support staff, looking at both the mean and median salary ranges, and then choosing the higher of the two for the rate basis. This was validated using salary survey data from its providers. Connecticut rates also include indirect support time, benefits, supervision and administrative and general costs. Providers are only reimbursed for face-to-face time with service recipients. However, the rates established were based on every hour of direct support staff work, i.e., even though providers may bill only for face-to-face contact with service recipients, the rate accounts for the fact that not every hour of the workday includes face-to-face contact. Providers are not compelled to pay the salary that hourly rates are based on. An annual cost of living increase is applied to the rates when one is provided by the state legislature, to help ensure that rates remain current with costs.
- ❖ **Adjustment based on staff role:** Rates are further adjusted by the number of face-to-face contact hours that staff are expected to be able to deliver.
- ❖ **Development of funding allocation based on Level of Need:** The rates were originally predicated on individuals with moderate needs. For example, the rate for Group Supported Employment was calculated based on the 1: 4 staff: client ratio it was expected that a person with moderate support needs would require. A staff modifier rate was then developed for individuals with more significant needs. The end result was that setting rates became a continuous negotiation over how many hours of the staff modifier each person required, which was at odds with the goal of a streamlined, consistent rate structure. DDS staff recommended avoiding the use of such a mechanism. To resolve this issue, provider hourly rates and allocations are being developed based on the three levels of support need (minimum, moderate, and comprehensive), using the Level of Need tool.
- ❖ **Annual provider cost report:** In an effort to monitor the impact and effectiveness of the rate structure, each service provider continues to complete an annual cost report for DDS. These reports are combined and

analyzed to identify actual cost percentages.

- ❖ **Work group for establishing rates:** The rate methodology was established by a work group consisting of DDS regional and central office staff and representatives of three trade associations. Families were not included, and in retrospect representatives of DDS felt this was a mistake.

## 7. Incentive structures

- ❖ **Higher rates for community employment:** Higher rates are provided for individual community employment, which helps to serve as an incentive. In addition, payment for sheltered workshop services is only one rate (no tiers based on level of need) to encourage community employment.
- ❖ **Need for clearer definition of outcomes:** DDS representatives note that in retrospect, they could have done a better job in defining expected outcomes in as formal a way as they should have, in order to provide incentives and support for community employment. This is an issue they are currently working on.
- ❖ **Issue of people choosing not to work:** DDS has recognized the need to systematically address the issue of people who choose not to work when capable of doing so, and is looking at developing a policy to do so.

## 8. Issues/ implications

- ❖ **Billing:** Billing on an hourly basis has created a higher administrative burden for service providers than what was required under the master contract system. Billing is handled by a fiscal intermediary; providers do not bill the state directly for services.
- ❖ **Change from hourly to day rate:** Originally, providers billed strictly using hourly rates. However, when the new rate system, which is based on three levels of need, is implemented, service providers will be given the option of using a day rate (based on the hourly rate), as the hourly rate was often found cumbersome to track.
- ❖ **Provider education issues:** As the new system was implemented, there was extensive confusion among the service providers, with significant variations in the level of knowledge and understanding. DDS representatives noted that in retrospect there was over-reliance on provider representatives and trade associations as conduits for information, rather than

DDS communicating directly with providers.

- ❖ **Increased ability to resolve provider issues:** Portability and individual budgets have created a much greater ability to correct issues individuals have with service providers. When individuals and families initiate their right to change service providers, their issues get addressed, providing consumer and families an outlet for resolution. Most people who express interest in changing service providers ultimately don't, as the prospect of switching prompts the provider to resolve the issue(s).
- ❖ **Need for family education regarding program attendance:** Under the old master contract system, service providers got paid whether an individual attended the program or not. Now that service providers only get reimbursed for face-to-face contact, DDS has recognized the need for the education of families so they will understand that individuals must attend a program on a consistent basis, and cannot simply attend at their convenience.
- ❖ **Providers need to build capacity for outreach:** Providers have generally not done a good job in the promotion and marketing of services and have to

adjust to the need for outreach for referrals. DDS will be putting the quality service reviews for providers on-line, to help individuals and families make choices regarding service options. DDS also assists individuals and families to make informed choices by hosting provider fairs at local family forums.

- ❖ **Avoiding steering of referrals:** DDS has found that in some cases it needs to work with case managers to avoid steering of referrals to specific service providers, as the system is based on individual choice.
- ❖ **Need to be clear with individuals and families on funding parameters:** Under individualized funding, individuals and families initially viewed a funding allocation as their money to spend as they saw fit. The individual's service requirements and what services are available to them are now made clearer up front. Individuals and families can no longer reallocate unspent money (avoiding such issues as people not showing up at program to save money). Another issue is educating individuals and families so they will trust that rates will be adjusted each year based on support need, avoiding the tendency for families to want to "hold on" to money to meet changing needs sometime in the future.

**Table 1: Connecticut—Service Definitions and Rates**

| Service                           | Definition   | Rate/hour  | Service elements included | Notes   |
|-----------------------------------|--|--|---------------------------|---|
| <b>Individual employment</b>      | Services and supports to assist individual to obtain and maintain employment in workplace where individuals without disabilities are employed.   | \$58.11– initial job development & intensive support<br><br>\$26.82– long-term support | Face-to-face contact only | Payment is for face-to-face consumer contact only. Job development without consumer is not a funded activity. |
| <b>Group supported employment</b> | Services and supports to assist individuals to obtain and maintain employment in group settings in the community.  | \$10.90<br>\$11.41 with benefits*  | Face-to-face contact only | *Rate is higher when provider is employer and benefits and vacation time are provided.                        |
| <b>Sheltered employment</b>       | Facility-based service, leading to the acquisition, improvement and/or retention of skills and abilities to prepare an individual for work.  | \$7.72<br>\$8.07 with benefits*  | Face-to-face contact only | *Rate is higher when provider is employer and benefits and vacation time are provided.                        |
| <b>Non-work day support</b>       | Non-work service, leading to the acquisition, improvement and or retention of skills and abilities to prepare an individual for community participation, or support meaningful socialization, leisure and retirement activities. | \$15.88  | Face-to-face contact only |   |

\* A separate transportation rate was determined, predicated on number of miles that can be traveled per hour, which was then converted into a mileage rate based on "as the crow flies" from home to day program.



# Focus on Oklahoma’s Department of Human Services Developmental Disabilities Services Division

## 1. Introduction and system priorities

In Oklahoma (OK) and many other states across the country, the move toward de-institutionalization was one of several factors which skyrocketed employment funding and rate issues to the surface. The Homeward Bound lawsuit, new federal waiver programs and shifting service recipient needs created a dynamic mix of pressures for Oklahoma’s Developmental Disabilities Services Division (DDSD). While restructuring residential services was necessarily the first step in systems change, the need for increased attention to daily living skills and vocational options was obvious. Funding and rate structures were important considerations when deciding how to support the desired employment outcomes.

Initially, rates were based on a vendor’s costs of providing direct services such as job development and job coaching. This sometimes resulted in long-term job development with little success in actually acquiring a job. In 1995, DDSD elected to focus on outcome-driven rates. Reported costs were aggregated and divided to get the cost of the outcome for an hour of work with the consumer. Vendors providing supported employment services are paid an hourly rate based on the number of hours that a consumer is employed. In 2005, individual placement rates were developed.

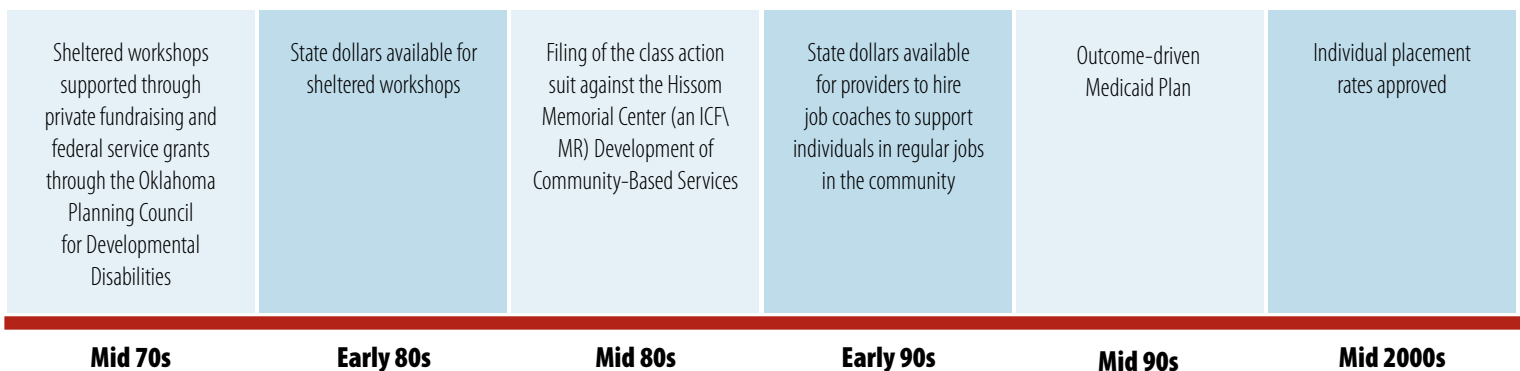
DDSD now analyzes the individual components (for example, the costs for direct staff support, program management, staff knowledge, administration and general expenses associated with individual placement in job coaching), and uses average placement data (20 hours worked per week, 12 hours direct support, 52 weeks/year)

to calculate rate changes and to justify these proposals to the Oklahoma Health Care Authority (the State Medicaid Agency).

In tandem with funding changes, and to reinforce their objectives, DDSD instituted a series of policy changes. DDSD chose to explicitly outline their integral philosophy and values in the Oklahoma Administrative Code (OAC), the official compilation of agency rules and executive orders for the State of Oklahoma. The OAC states that the goal of service delivery for Employment Services funded by DDSD is full-time employment. The OAC lists expectations as well as options and contingencies for ensuring an individual is moving toward the desired employment outcomes, which are described below:

- ❖ Provider agencies are to assess each service recipient in maximizing employment options.
- ❖ 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 at minimum wage with or without paid supports should be pursued as an alternative goal.
- ❖ If a fully integrated placement is not currently available, employment in an enclave in a business or industry, with or without paid supports, is an option.
- ❖ 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 résumé building or job exploration, or

## HISTORY



temporary participation in real work in a Center-based setting can be obtained.

- ❖ When people served have not achieved the goal of full employment as a result of a variety of factors, the provider agency is to make available those supports needed for the service recipient to achieve full employment.

(OAC 317:40-7-1 & OAC 340:100-17-2)

Services are primarily directed by an individual's Personal Support Team (Team) composed of people selected by the individual. The Team includes the service recipient, his or her DDS case manager, the legal guardian, and advocate(s), and additional members necessary to meet the individual's needs.

(OAC 340:100-5-52)

The following is a summary of services provided by DDS in 2006:

- ❖ Service recipients—10,858
- ❖ Service recipients receiving Home and Community Based Waiver Services—5,043
- ❖ Service recipients receiving Employment Services—3,949

Individuals receiving residential services as defined in policy OAC 340:100-5-22.1, or group home services, receive a minimum of 30 hours of employment or adult day services per week, excluding transportation.

## 2. Service definitions

Oklahoma has highly defined service categories and parameters regarding payment of rates. These clear and direct definitions have allowed them to build a foundation for the building of rates that are reflective of the services delivered. More specific information is available from the applicable OAC.

### *Pre-Vocational*

**Center-based Services:** Services provided in segregated settings, where the majority of people served have a disability. Examples include sheltered work, therapy programs, training and job preparation activities where all participants have disabilities. For Medicaid reimbursement in Center-based Services, an individual's pay cannot exceed 50% of minimum wage.

**Supplemental Support:** Vocational Habilitation Training Specialist Services provided as part of Center-based

Services for individuals needing additional support. Supplemental support is available for individuals with behavior issues or personal care needs.

(OAC 317:40-7-13)

**Community-based Services:** Individualized work-related supports provided in sites and at times typically used by others in the community. Billable activities include volunteer activities; active participation in paid or unpaid work experience sites in community settings (e.g., job sampling and situational assessment); training through generic entities (with service providers paid for direct support); stamina enhancing programs that occur in an integrated setting; transportation to and from work; meals and breaks which must occur during the conduct of service recipient's activities; job tours and job shadowing; using One-Stop Career Centers; and attending job fairs. Community-based Services are provided to groups of no more than five people.

(OAC 317:40-7-5)

**Individual Placement in Community-based Services:** Individual is provided supports that enable him or her to participate in approved Community-based activities individually and not as part of a group placement.

### *Supported Employment*

**Job Coaching Services:** Training at a work site and support by an agency staff member certified as a job coach. Job Coaching Services promote a person's capacity to secure and maintain integrated employment at a job of the person's choice at or above minimum wage, or while working to achieve minimum wage.

- ❖ Job coaching services are available for both individual and group placements. Group placements may be from two to eight individuals but typically involve four individuals.
- ❖ Job Coaching Services for individual placements are authorized when on-site supports by a certified job coach are provided for more than 20% of the individual's compensable work time. The Job Coaching Services rate continues until a service recipient reaches 20% or less job coach intervention for four consecutive weeks, at which time Stabilization Services begin.
- ❖ Job Coaching Services are based on the amount of time that the individual is compensated by the employer.

(OAC 317:40-7-7)

**Individual Placement in Job Coaching Services:** One service recipient receiving job coach services who fits the following criteria:

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

**Group Placement:** 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.

**Stabilization Services:** Ongoing support services needed to maintain one or two individuals in an integrated competitive employment site. Stabilization Services are provided for up to two years per job. If the individual needs job coach services after the expiration of Stabilization Services, Job Coach Services may be authorized for the hours necessary to provide direct support to the individual or consultation to the employer. OKDHS emphasizes working toward ensuring natural supports are in place by the time the individual reaches the end of the stabilization process.

- ❖ Stabilization Services are provided when the job coach intervention time required at the job site is 20% or less of the service recipient’s total work hours for four consecutive weeks.
- ❖ A person receiving services from the public Vocational Rehabilitation System (VR) moves to services funded by DDSD upon completion of the Job Stabilization milestone.
- ❖ Reimbursement for Stabilization Services is based upon the number of hours the individual is employed at a rate of minimum wage or above.
- ❖ Return to the individual placement in job coach rate after the two-year stabilization (\$5/hour rate) is based on need. When this occurs, reimbursement is based on the number of hours the job coach is present.  
(OAC 317:40-7-11)

**Employment Training Specialist (ETS) Services:**

Evaluation, training, and supportive assistance that allow the individual to obtain and engage in paid employment; ETS services are provided by a certified job coach and may

be used for the following:

- ❖ 100% on-site intervention, for up to six weeks annually, in a position that pays at least minimum wage, and where the employer is not the employment services provider;
- ❖ assessment and outcome development for individuals who are new to the provider agency, for a maximum of 20 hours for initial assessment;
- ❖ up to 40 hours annually for job development, for a position that pays at least minimum wage and at least 15 hours of employment per week or more and where the employer is not the service provider;
- ❖ interviewing for a job that is eligible for ETS services;
- ❖ up to 20 hours annually for participation in Team meetings, when requested by the case manager;
- ❖ up to 40 hours annually for development and implementation of a Plan for Achieving Self-Support (PASS); and
- ❖ up to 20 hours annually for the development and implementation of an Impairment Related Work Expense (IRWE).  
(OAC 317:40-7-8)

**Enhanced Rates:** Enhanced rates are available for Community-based Services and Job Coaching Services. Eligibility for an enhanced rate is determined by Team assessment. Enhanced rates are available for individuals due to behavior issues, a visual impairment that requires additional support or medical, mobility support and personal care needs.  
(OAC 317:40-7-12)

**Contracts with Industry:** DDSD has a provision that allows payment directly to an industry or business for job coach services. The employer is paid the individual placement in job coach rate, based on the hours the individual works, for the first six months of employment. After the first six months, the employer is paid for Stabilization Services for up to one year. This provision is primarily utilized in rural areas. Eighteen individuals used this service option during the last three-year contract period (ending 10/30/2006). Training, provider qualifications and oversight are performed and monitored according to the waiver policies. DDSD defines the program in policy similar to any other community services or job coaching.  
(OAC 317:40-7-18)

### 3. Billable activity and unit (rate structure)

See tables 1 and 2

For Supported Employment, rates are based on the number of hours the individual is working on the job, not on the number of staff hours. The only exception is ETS hours.

The following outlines individual and group placements using the above rate structure:

#### **Supported Employment Individual Placement Model**

- ❖ Individual is placed in an integrated job at minimum wage or above (Rate: \$16.00 for each hour worked)
- ❖ Job coaching rate continues when job coach provides on-site intervention for 21% or more of the individual's work time
- ❖ Intensive training is available on new job sites for a maximum of six weeks with 100% on-site intervention (rate: \$21.85 per hour)
- ❖ Individual successfully moves to stabilization after four consecutive weeks of 20% or less job coach intervention (rate: \$5.00 for each hour worked)

#### **Group Placement Model**

- ❖ Individual is placed in a group placement with support from at least one certified job coach (regular rate: \$12.00 for each hour worked)
- ❖ For individuals requiring additional personal care or behavioral supports (enhanced rate: \$14.00 for each hour worked)

**Table 1: Supported Employment**

| Service   | Rate/hour | Payment Basis   |
|---|-----------|---|
| Individual Placement in Job Coaching  | \$16.00   | Amount of time individual is compensated by employer at minimum wage or above on individual placement in job coaching |
| Job Coaching Regular Rate (Group)   | 12.00     | Amount of time individual is compensated by employer  |
| Job Coaching Enhanced Rate (Group)  | 14.00     | Amount of time individual is compensated by employer  |
| Stabilization and Extended Services   | 5.00      | # of hours service recipient is employed at minimum wage or above   |
| Employment Training Specialist (ETS): Assessment, Intensive Job Development, etc. | 21.85     | Staff time  |

**Table 2: Pre-vocational**

| Service                                 | Rate/hour | Payment Basis  |
|---|-----------|--|
| Center-based Services                   | \$4.50    | Amount of time the individual participates           |
| Supplemental Support                    | 11.33     | Based on need as defined in policy (OAC 317:40-7-13) |
| Individual Placement in Community-based | 14.52     | Amount of time the individual participates           |
| Community-based Regular Rate (Group)    | 9.00      | Amount of time the individual participates           |
| Community-based Enhanced Rate (Group)   | 12.00     | Amount of time the individual participates           |

## 4. Explanation of funds

As detailed in *table 3*, 85% of funding for Oklahoma DDSDD integrated employment services comes from the Community Waiver. State funds are used to supplement these funds in order to serve individuals not eligible for the Community Waiver (30% of all individuals served are not funded through the waiver).

**Table 3: Integrated Employment**

|               | Funding               | # Served     | Per person cost |
|---------------|-----------------------|--------------|-----------------|
| Waiver Funded | \$13.4 million        | 1,655        | \$8,100         |
| State Funded  | \$2.3 million         | 725          | \$3,164         |
| <b>Total</b>  | <b>\$15.7 million</b> | <b>2,380</b> | <b>\$6,600</b>  |

## 5. Role of other funding sources

Collaboration with VR: All individuals seeking competitive employment must first be referred to the Department of Rehabilitation Services for VR services. If the individual is eligible for VR services, VR will fund the costs of initial placement. DDSDD has a joint agreement with VR to provide follow-along for individuals achieving job stabilization through the six VR milestones. If there are no providers available, or if it is known that the milestone system does not meet the individual’s needs, the individual can go directly to DDSDD to access waiver services.

After achieving the milestones through VR services, the individual can receive stabilization through DDSDD waiver services if ongoing supports are needed. As stated previously, stabilization through the waiver is paid at a \$5 per hour rate, for each hour the individual is employed (up to two years) as needed.

In the transition process, DDSDD is encouraging individuals to go through VR so they are in the stabilization process before transitioning to a waiver (thus maximizing the available funds when possible.)

The following outlines the process of service delivery when services are solely funded by DDSDD and when funded in collaboration with VR:

### **DDSDD – Sole Funder**

#### **Stage 1: Employment Training Specialist**

- \$21.85 per hour for hours worked (the rate is also

available to the provider as a direct service rate)

- 100% on-site intervention
- Up to six weeks

#### **Stage 2: Job Coaching**

- \$16.00 per hour for hours worked
- More than 20% of on-site job coaching support needed

#### **Stage 3: Stabilization**

- \$5.00 per hour for hours worked
- 20% or less on-site job coaching support needed for four consecutive weeks
- Reimbursement up to two years

### **VR to DDSDD**

#### **Stage 1: VR – Department of Rehabilitation Services**

- Completion of Job Stabilization Milestone (*see table 4 on page 14*)

#### **Stage 2: DDSDD Stabilization**

- \$5.00 per hour for hours worked
- Reimbursement up to two years

Collaboration with One-Stop Career Centers: In addition to collaboration with VR, supporting individuals to use Oklahoma’s One-Stop Career Centers is specified as reimbursable as part of Community-Based Day Services.

## 6. Funding policy prioritization

Oklahoma has a clear policy goal of reducing individuals’ reliance on publicly funded supports as much as possible. Per OAC 340:100-3-33.1, Oklahoma DDSDD uses the following parameters and criteria<sup>1</sup> to establish service necessity:

- ❖ The goal of service delivery is to promote the independence of persons with developmental disabilities.
- ❖ The purpose of publicly funded supports is to strengthen the individual’s capacity for self-care and self-sufficiency and to lead to a lesser reliance on paid supports.
- ❖ In order to minimize dependence on public funds, the following criteria are used by DDSDD staff to determine the necessity of publicly funded supports:
  - a. Services appropriate to meet the individual’s need are not available from another funding source.
  - b. Services are authorized only to the extent

necessary to achieve, maintain or promote functional capacity.

- c. Services must be delivered in the most cost-effective manner and most appropriate setting.
- d. Services must be based on reasonable and predictable outcomes.

## 7. Pricing methodology

Oklahoma's Waiver Employment Services philosophy is as follows:

- ❖ Pay for the outcomes you want; don't pay for outcomes you don't want.
- ❖ All services are to be individualized to the person, including the pace of transitioning to different service categories.
- ❖ As an example, outlined in *table 5* is the methodology used to calculate the \$16.00 hourly reimbursement rate for Individual Job Coaching.
  - Rate is based on an average service recipient working 1,000 hours per year. Average placement is based on 20 hours worked per week with an average level of direct support of 12 hours per week for 50 weeks each year.
  - Direct staff support provides compensation for job

**Table 5: Pricing Methodology**

| Individual Placement in Job Coaching | Average Annual Placement Cost | Rate/hour      |
|--------------------------------------|-------------------------------|----------------|
| Direct Staff Support                 | \$7,800                       | \$7.80         |
| Program Management                   | 3,000                         | 3.00           |
| Staff Mileage                        | 2,600                         | 2.60           |
| Administration & General Expenses    | 2,600                         | 2.60           |
| <b>Total Costs</b>                   | <b>\$16,000</b>               | <b>\$16.00</b> |

coach salaries and benefits. The annual cost of this component is estimated to be \$7,800 per year on average, based on 12 hours per week for 50 weeks (or 600 hours of direct support) at \$13.00 per hour. This hourly cost is based on a \$10.25 per hour salary plus \$2.75 per hour benefits for a job coach.

- Program management provides compensation for supervision of the job coach, marketing and advocacy, employer education and training and development of natural supports. The annual cost of this component is estimated to be \$3,000 per year on average, based on three hours per week for 50 weeks (150 hours of program management)

**Table 4: VR Milestones**

| VR Milestone                                     | Outcome  | Services   |
|--|--|--|
| <b>Milestone 5<br/>Job Stabilization</b>         | <p>The individual has worked successfully the minimum required weeks (A total of 12 weeks for consumers under the regular rate and a total of 17 weeks for highly challenged).</p> <p>The individual is working the minimum work hours set in the weekly work goal identified in the IPE.</p> <p>Only weeks in which hours worked meet the weekly work goal and training and support were provided will be counted.</p> <p>The individual must have worked two shifts without job coach support in one week.</p> | <p>Ongoing supports, including natural supports are in place to keep the individual stabilized in employment. Ongoing supports include 2 individual contacts and 1 employer contact per month.</p> <p>Employee and Employer satisfaction with the job and work performance is assured.</p> |
| <b>Milestone 6<br/>Successful Rehabilitation</b> | <p>The individual has been employed a minimum of 90 days beyond stabilization and has met the DRS requirements for a Successful Closure, according to the Counselor.</p>   | <p>Employee and Employer are satisfied with the job and job performance.</p> <p>Extended services are in place and all SE requirements have been met</p> <p>Training and supports provided, including 2 individual contacts and 1 employer contact per month.</p>                          |

at \$20.00 per hour. This hourly cost is based on a \$15.75 per hour salary plus \$4.25 per hour benefits for a program manager.

- Staff mileage provides compensation for non-billable mileage for the job coach to travel between job sites. The annual cost of this component is estimated to be \$2,600 per year on average, based on \$10.40 per day mileage reimbursement for five days per week for 50 weeks. Administration and general expenses include reimbursement for required job coach annual training and agency overhead. The cost of this component is based on 18% of the direct costs to provide job coaching–individual services.

The Oklahoma Department of Human Services reviews the rates and usage annually, and in turn uses this type of methodology to calculate rate changes and justify these proposals to the state legislature.

## 8. Incentive Structures

Oklahoma’s service structure has a number of incentives for community employment, which includes the following:

- ❖ Higher rates for Community-based vs. Center-based services.
- ❖ Higher rates for individual employment supports vs. group employment supports.
- ❖ Enhanced Rates to provide an incentive to agencies to provide community employment services to service recipients with significant needs.
- ❖ Milestone payments under VR.

## 9. Issues/ Implications

- ❖ Case managers are assigned a key responsibility for securing the correct services. With an average caseload of 29, case managers are responsible for a strong advocacy role, working with the provider to help the individual reach his or her outcomes as outlined in the plan.
- ❖ All case managers are state employees.
- ❖ DDS has actively promotes recruiting a pool of trained, committed providers, ensuring a healthy competition in the marketplace.
- ❖ The objective review process instituted in 2002 has impacted many individuals. Third parties review the individual plans which include the employment

section, forcing providers and case managers to justify how an individual’s needs are being met. Reviewers are positioned at both the area and state levels. Case managers are responsible for coordinating the plan and sending it forward for review to either the area manager (up to a specific dollar amount), or, if at a higher cost level, the state reviewer. This arm’s length process allows funding decisions to occur outside the involvement of the provider agency.

- ❖ Oklahoma has mandated training for employment staff. DDS has a contract with the University of Oklahoma for a five-day job coach training class. The first two days are a general employment training class, which community-based and center-based staff are required to attend. Job coaches (individual and group) must continue with the three additional days of training (an employment specialist class).
- ❖ DDS is contracting with the College of Direct Support, a web-based learning management system, to determine how its courses can be utilized to meet training requirements for job coaches.
- ❖ Reimbursement rates based on hours of work in group settings are creating an incentive for providers to support group placements instead of individual placements. Oklahoma has recognized the need to address this.
- ❖ An individual can receive both Community-based and employment services on the same day; billing covers different time periods to reflect the different service.

## Reference

- <sup>1</sup> OAC 340:100-3-33.1. Criteria to Establish Service Necessity [www.okdhs.org/library/policy/oac340/100/03/0033001.htm](http://www.okdhs.org/library/policy/oac340/100/03/0033001.htm), Issued 7-31-02

## 1. Introduction and system priorities

In 2003, Governor Jeb Bush created a Blue Ribbon Task Force to provide Florida's Agency for Persons with Disabilities (APD) with guidance on improving inclusive community living options, transition outcomes and employment opportunities for persons with developmental disabilities. The Governor appointed the Blue Ribbon Task Force Implementation Working Group (BIWG) and charged the group with making recommendations for aligning resources and eliminating barriers to (a) expanding and improving inclusive community living options, (b) coordinating the provision of effective school-to-work transition services statewide for students with disabilities and (c) expanding and improving access to competitive, integrated employment opportunities for individuals with disabilities. State agency officials see the BIWG as a key mechanism for developing a consensus around new approaches to improving access to integrated employment supports statewide.

The agency launched its five-year Employment Initiative on July 1, 2004. The primary goal of the initiative is to have 50% of adults with DD (ages 18-55) who are receiving APD-funded adult day services—including adult day training (ADT), supported employment (SE) or non-residential supports and services (NRSS)—engaged in community employment by July 1, 2009. In addition, as subordinate objectives to this main goal, APD aims to have (a) 25% of ADT recipients in ADT programs as of July 1, 2004 employed by July 1, 2009; and (b) 50% of all individuals receiving DD waiver services who indicate a desire to work employed by July 1, 2009.

By June 2006, 795 individuals who had been receiving ADT services as of June 1, 2004, were employed in integrated community jobs paying the minimum wage or higher. At that point, APD had achieved about one-third (35.3%) of its five-year goal. As of June 6, 2006, 4,441 DD waiver recipients (within the applicable age ranges) were employed—or 2,013 more than the comparable number in July 2004. The agency is three-quarters (76%) of the way toward achieving its July 2009 goal of having at least 50 percent of waiver participants in the applicable ages ranges engaged in integrated employment.

## 2. Billable activity, service definitions and unit (rate structure)

**Individual supported employment** is defined as a one-person-at-a-time approach to obtaining competitive employment through the support of a job coach, employment specialist or consultant for job development; intensive training (Phase 1) and systematic follow along supports (Phase 2). The individual model can apply to either employment in the general work force or in the establishment of a business to be operated by the recipient.

**Group supported employment** can include up to eight individuals in enclaves, mobile crews or group entrepreneurial approaches (where people with disabilities work in a small business specifically created by or for the recipients), and also include Phase 1 and Phase 2 supports.

**Phase 1** (for group or individual employment) is defined as time-limited supports needed to obtain a job and reach stabilization. These billable support activities include the following:

- ❖ A situational assessment to determine employment goals, preferences and skills;
- ❖ Job development and matching the person with a job that fits personal expectations;
- ❖ Intensive, systematic on-the-job training and consultation focused on building skills needed to meet employer productivity requirements, learning behaviors and acceptance in the social environment of the job setting and building job-related supports with the employer from those naturally occurring at that work site and other job-related supports.

The number of hours of intervention is intended to diminish over the first few weeks of employment as the supported employee becomes more productive and less dependent on paid supports. Phase 1 ends after demonstrated job stability. The stabilization period begins when the person has achieved satisfactory job performance as judged by the employer, provider, Vocational Rehabilitation counselor (if applicable) and the supported employee, or when the need for paid supports diminishes to below 20 percent of weekly hours of employment. The stabilization period is a minimum of 90 days following the onset of stabilization. If the supported employee continues to perform the job satisfactorily the service moves into extended, ongoing support services (Phase 2).



Typical staff to service recipient ratios demonstrate that one staff person can support up to two to three supported employees who are in Phase 1 at any given point in time. Phase 1 services typically average six to eight hours a day per recipient during the first week of services. Average hours of service should fade to one to two hours a week in preparation for transition to Phase 2. The average time period for Phase 1 is 24 to 25 weeks, but is different for each recipient depending upon need.

**Phase 2** is defined as long-term, ongoing supports needed to maintain employment indefinitely. These billable support activities include the following:

- ❖ Ongoing, systematic contacts with supported employees to determine the need, intensity and frequency of supports needed to maintain productivity, social inclusion and employment;
- ❖ Remedial on-the-job training to meet productivity expectations, consultation and refinement of natural supports or other elements important to maintaining employment;
- ❖ Related work supports such as accessing transportation and other supports necessary for the recipient to maintain a job, or consultation to family members or other members of a recipient's support network including employers and co-workers.

When necessary, individuals may move back to Phase 1 services to access a better job match or seek employment alternatives. Moving to Phase 1 supports must include a referral to Vocational Rehabilitation or the local school system (as applicable) to seek required funding. Medicaid waiver funding shall be used only if these alternative resources are not available.

During Phase 2 the service levels needed per supported employee vary according to individual needs but typically average one to two hours a week per recipient. However, this can vary, as one provider noted that individuals served by his agency typically receive one to two hours per month. This is based on individual need, and it was noted that when an individual experiences an acute situation, such as the possible loss of a job, providers can be authorized for more hours until the situation stabilizes. This ability to turn more intensive follow along "on and off" as needed was described as critical.

In general, a billable hour is any employment-related activity that is directly related to a specific individual

including job development, work site training, employer training or contact. It does not include transportation or documentation.

Transportation of recipients to and from their jobs is not a component of supported employment services, but may be funded under transportation services when no other community, natural or generic support is available. Documentation, which is required of the service, is also not included in the rate. As documentation and travel time incurred by staff to and from employment sites are costs the provider still must incur, the rate may be perceived by some providers as inadequate.

### 3. Explanation of funds

A Medicaid Home and Community-Based Services Waiver is the primary funding stream for employment supports. The Family and Supported Living Waiver also funds employment and has an annual cap of \$14,000 per person. Approximately 90% of individuals receiving employment services are waiver-funded. In addition, state general funds can be used for individuals who do not qualify for or are on the waiting list for waiver services. State funds have a \$5,000 annual cap per person for employment-related expenses. In FY05 to FY06, the state spent \$2 million in state funds for employment-related services.

### 4. Role of Vocational Rehabilitation (VR) funding

The Agency for Persons with Disabilities has a written interagency agreement with the Division of Vocational Rehabilitation (DVR) within the Florida Department of Education. Agency officials report that there has been some difficulty developing joint funding arrangements that allow young adults to transition from school to work seamlessly. As per the Centers for Medicare and Medicaid Services (CMS) requirement, everyone on a Medicaid Waiver must be referred to VR since Waiver funds are payees of last resort.

Across the state, the level of collaboration with DVR seems to vary. For instance, some providers have long-standing agreements with DVR, and DVR funds Phase 1 services for the individuals they support with APD providing follow along dollars. In other areas, DVR monies are not as widely accessed for Phase 1 services, and APD provides funding if for whatever reason DVR funding is not available.

Table 1: Florida—Service Definitions and Rates

| Activity   | Service definition   | Hourly Rate   | Limits   |
|--|--|---|--|
| <b>Supported employment (group and individual)</b> | Competitive employment, which may be performed full or part time, in an integrated setting, for which an individual is compensated at or above minimum wage but not less than the customary wage, and at a level of benefits paid by the employer for the same or similar work that is performed by trained, non-disabled individuals. | \$39.90/hr individual class rate; does not include transportation or documentation.<br><br>Group rate varies from \$3.96/hr-\$13.36/hr (depending on ratio).  | Phase 1 services cannot exceed 8 hrs/day and 40 hrs/week.<br><br>Phase 2 services cannot exceed 8 hrs/week.  |
| <b>Adult Day Training (offsite and onsite)</b>     | Training services intended to support the participation of recipients in daily, meaningful, valued routines of the community, which for adults may include work-like settings that do not meet the definition of supported employment.   | Billing is done by the quarter hour or a daily rate and is prorated by the time attended. Rates vary as indicated in the sheltered employment rates below. Reimbursement can be for no more than 6 hours a day and 30 hours a week. | Services are typically facility-based and are usually furnished at a minimum of 6 hrs/day on a regularly scheduled basis, for 1 or more days per week. Four of the 6 hours must be spent in training and program activities. |
| <b>Sheltered employment</b>                        | This service is billed under Adult Day Training Onsite and all sheltered employment is funded under ADT whether there is an employment emphasis or day activity focus.   | Varies based on ratio and geography from \$4.88/hr-\$15.88/hr.  | Maximum is 138 hrs/month.  |

## 5. Relationship between level of need and funding structure

There is no relationship between level of need and the funding structure. However, an APD official noted that when providers are working with someone with greater challenges, they often spend more time with that individual, and can then bill for more hours. Thus, there is no disincentive to provide employment services to a person with greater support needs. However, one provider expressed that there is a need for a differentiated rate for Phase 1 supported employment services that are funded by DVR.

## 6. Pricing methodology

Approximately five years ago the legislature directed APD to develop a uniform rate structure. Over an 18-month period, a standardized rate setting system was developed, with the assistance of Mercer, Inc., and was implemented on July 1, 2003. The original aim of the standardized rate system was to use Individual Cost Guidelines (ICG) to drive the development of individual budgets. Up until the

fall of 2007 APD gathered ICG information on all waiver participants and the resulting data was used primarily by support coordinators and planning teams to develop individual person-centered plans, rather than to formulate individual spending allocations. The standardized rates are used to determine spending levels once the individual plan is prepared. Presently a new needs assessment process is being developed that will involve two assessment tools, the Florida Questionnaire for Situational Information (QSI) and the Supports Intensity Scale (SIS). Training in the use of these tools is currently being conducted and during the next three years all individuals receiving services and those on the waitlist will be administered these assessments to assist in planning and determining support needs.

## 7. Incentive structure

Beyond a higher rate for employment services, there are currently no incentives in place for providers to provide employment. The agency had considered a headhunter incentive approach in which APD would pay a person (e.g.,

a neighbor or community member) \$75 for helping an individual find a job and \$125 if the individual kept the job. This incentive was to be paid using general state funds but was not implemented because of budget limitations.

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## 8. Issues and implications

Florida has considered changing how the agency pays providers for employment services, with the goal of increasing employment and creating incentives. Agency officials have realized that there is not one “best” way to effectively fund employment. They have considered paying a monthly rate, based on severity of disability, for Phase 2 services while staying with an hourly rate for Phase 1 services. As noted, the current rate alone, which does not include documentation or transportation, may be considered inadequate to fully fund individuals in employment, specifically in the follow along phase. Dealing with administrative difficulties tied to a 2001 settlement agreement from a class action lawsuit related to the state’s waiting list for services has made effectively resolving issues around funding and employment incentives a challenge.

Another issue involves creating an incentive for providers to move individuals from ADT into community employment. Providers funded through DVR for Phase 1 services will not receive payment for helping an individual transition from ADT into employment until the individual obtains a job. This could involve a substantial gap in billing for the provider, whereas if the person was maintained in the ADT, this gap in payment would not occur. Moreover, once an individual moves into SE follow along, even though the SE rate is higher than the ADT rate, the provider loses money because an ADT provider bills APD for many more units than does a provider providing SE follow along.

# Focus on North Carolina's Division of Mental Health, Developmental Disabilities, and Substance Abuse Services

## 1. Introduction and system priorities

State personnel believe that the system's priorities center around integrating individuals into their communities. Since 2005, two new Medicaid waivers, the Piedmont Cardinal Health Plan (1915 (b) Medicaid Waiver) and the Innovations Waiver, (1915-c Medicaid Waiver) have been specifically designed to flexibly and comprehensively support individuals to live and work in their communities. These two new waivers join the Community Alternatives Program for Persons with Mental Retardation/Developmental Disabilities (CAP-MR/DD), which also operates under the Medicaid Home and Community-based Services Waiver.

## 2. Service definitions, billable activities and rate structure

See table on page 22

## 3. Explanation of funds

Supported employment is a fundable service under the 1915(c) CAP-MR/DD Waiver, as well as the 1915(c) Innovations Waiver, which uses individualized budgeting. It is not a fundable service directly under the 1915(b) Piedmont Cardinal Health Plan, however in April, 2007 the state was able to re-invest the savings from the Piedmont Cardinal Health plan into a B3 Authority and can now apply these monies to Medicaid funded supported employment.

The CAP-MR/DD Waiver is an important funding stream for supported employment in the state. Individuals who meet the ICF-MR level of care are funded by the Medicaid HCBS Waiver (CAP). The Piedmont Waivers are available for those who require an ICF-MR level of care and are residents of the five counties that comprise the Piedmont region. A provider noted that the differences among the rates for supported employment (*see table on page 22*) was to account for greater support needs of those funded under the Innovations Waiver and through state funds.

## 4. Role of VR funding

Individuals who are supported by Medicaid Waiver funds must have an initial assessment by the Division of Vocational Rehabilitation (DVR). Many noted that on the whole, individuals receive initial job development and job coaching through DVR and then follow along support from the Division of Mental Health, Developmental Disabilities, and Substance Abuse (DMH/DD/SAS). There have been ongoing discussions between DMH/DD/SAS and DVR for a better transition from up-front supported employment services to long-term supports.

## 5. Relationship between level of need and funding structure

In North Carolina, funding rates for supported employment are not tied to level of need.

## 6. Pricing methodology

In arriving at the rates, there were many factors that were considered in the calculation methodologies. The first factor was taking historical actual claims paid in FY 2003 multiplied by the rate in place for FY 2004, to give a real expended figure for projection into the new service definitions established jointly by North Carolina's Division of Medical Assistance (DMA) and DMH/DD/SAS. This volume of service costs was crosswalked into the new service definitions with an anticipated utilization developed by DMH/DD/SAS. In addition to referencing rate information, multiple cost models were developed that factored in direct labor costs, supervisory labor costs, supply costs, and other administrative costs. Subject matter experts in all areas of service delivery were polled and asked for input into the calculations of the numerous cost models. Once all of this data was collected, the rate setting staff of DMA and the DMH/DD/SAS jointly reviewed the forecasted volume of service costs and the cost models and agreed on rates and anticipated utilizations to arrive at those rates<sup>1</sup>.

<sup>1</sup>Source: Memorandum on Proposed Prospective Rates for New and Existing Medicaid State Plan MH/DD/SA Services for FY 2006, October 19, 2004

## 7. Incentive structure

North Carolina does not have incentives for providing supported employment other than the higher rate of funding provided for supported employment as compared to other services such as sheltered employment.

## 8. Issues/ implications

*Overall challenges:* A state administrator said that as case managers, providers, families, and individuals develop support plans, they typically default to the services with which they are more comfortable and familiar (such as sheltered employment). Moreover, the Waiver requires that the individual goes through the assessment phase through Division of Vocational Rehabilitation, which is perceived as cumbersome and a deterrent to accessing the funding.

*Long-term supports:* State agency personnel have noted that there was not a clear definition of “long-term support.” To come to a consensus and develop a shared definition took three years. In FY06, the agency received \$1.5 million and an additional state appropriation of \$2 million in FY07 for long-term support. Of these funds, a state administrator said, “That won’t meet the need, but it’s a starting point.”

A pilot project in Mecklenburg County uses an outcome-based Long Term Vocational Services (LTVS) funding model. Payment is made to the supported employment provider each month based upon deliverables that were achieved in each individual’s Person Centered Plan. The

deliverables in LTVS center on maintaining satisfactory work performance as measured by satisfaction of the individual. Employers are also interviewed each month to confirm that the individual they hired via supported employment services is working at acceptable production and quality standards with appropriate social and interpersonal interactions at work.

Additional outcome measures include the provider’s swift response to crisis, timely intervention to prevent job loss and/or to secure new jobs when desired. Providers must assume the risk of serving individuals with more intensive support needs. Providers also assume the risk of managing the annual contract so that consistent, high quality LTVS services are delivered to each individual on the caseload.

*Inconsistencies across the state:* Local Management Entities (LMEs) are agencies of local government-area authorities or county programs that are responsible for managing, coordinating, facilitating, and monitoring services in the catchment area served. When individuals are funded by state dollars, each LME contracts on its own for state-funded services, and thus rates can vary across LMEs. This has been described as a source of frustration among providers. One provider also noted that LMEs have significant autonomy; some LMEs value sheltered employment over supported employment. Another provider advocated for a more standardized system.

*Staff salaries:* Several individuals mentioned inadequate funding for paying employment support professionals meaningful wages.

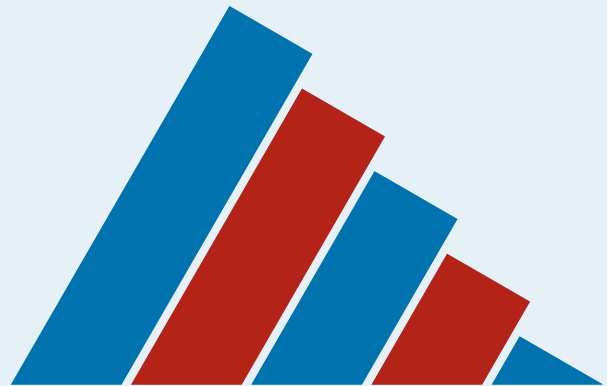
**Table 1: Service Definitions and Rate Structure**

| Service                                 | Definitions   | Hourly Rate  |
|---|---|--|
| Supported Employment CAP MR/DD Waiver   | <p>Paid employment for persons for whom competitive employment at or above the minimum wage is unlikely, and who, because of their disabilities, need intensive ongoing support to perform in a work setting. This does not prohibit an individual in any way from being paid at or above minimum wage. Is conducted in a variety of settings, particularly at work sites in which persons without disabilities are employed. Includes activities needed to sustain paid work by individuals receiving waiver services, including supervision and training.</p> <p>When supported employment services are provided at a work site in which persons without disabilities are employed, payment will be made only for the adaptations, supervision, and training required by individuals receiving waiver services as a result of their disabilities and will not include payment for the supervisory activities rendered as a normal part of the business setting.</p>   | <p>\$31.20/hr for individual;<br/>\$8.04/hr for small group</p>  |
| Supported Employment Innovations Waiver | <p>Services provide assistance with choosing, acquiring, and maintaining a job. Includes pre-job training and development activities to prepare a person to engage in meaningful work-related activities, which may include career/educational counseling, job shadowing, assistance in the use of educational resources, training in resume preparation, job interview skills, study skills, and assistance in learning skills necessary for job retention.</p> <p>Also includes job coaching and employment and employment support activities that enable a person to complete job training or maintain employment, such as monitoring supervision, assistance with job tasks, work adjustment training, and counseling; and transportation between work and activities related to employment. Other forms of transportation must be attempted first. Also includes employer consultation, including follow-up consultation after the individual has achieved independence in day-to-day work activities.</p> <p>Also includes assisting an individual to develop and operate a micro-enterprise: (a) aiding the participant to identify potential business opportunities; (b) assistance in the development of a business plan, including potential sources of business financing and other assistance in developing and launching a business; (c) identification of the supports that are necessary in order for the participant to operate the business; and (d) ongoing assistance, counseling, and guidance once the business has been launched.</p> | <p>\$44.84/hr for individual;<br/>\$10.12/hr for small group</p> |
| Supported Employment – State funded     | <p>Can be provided to those target populations in Adult Mental Health, Substance Abuse, and Developmental Disabilities, and the applicable Child Mental Health and Child Developmental Disability categories (for youth in the 16+ age groups); can be provided in individual or group format and can be temporary or permanent in nature; may include Individual Transitional Employment Program services or job coach services. Involves arranging for and supporting paid work that would otherwise be done by a non-disabled worker. Services may include but aren't limited to vocational evaluation, job development, intensive training, and job placement. This service is not Medicaid-billable.</p>   | <p>\$44.84/hr for individual;<br/>\$10.12/hr for small group</p> |
| Sheltered Employment                    | <p>Community Rehabilitation Programs provide work-oriented services including various combinations of evaluation, developmental skills training, vocational adjustment, job placement, and extended or sheltered employment to individuals of all disability groups 16 years of age or over who have potential for gainful employment.</p> <p>Funding for these programs is from varied sources, including Vocational Rehabilitation.</p>   | <p>\$14.84/hr</p>  |

A billable hour includes any activity that is designated in the service definition.

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## Notes



## State Employment Leadership Network

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