



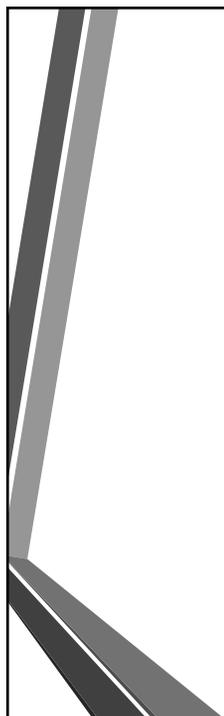
employment

Competitive Integrated Employment

Innovative Outcome Based Payment Strategies to compliment
an Employment First Approach

Michigan Employment First Conference

July 11, 2018



Welcome & Introductions

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Employment 1st National Initiative ODEP

A Brief Overview

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ODEP's EFSLMP Focus

Providing technical assistance and policy development support to address five key areas:

- How do we align policy, practice, and funding across systems to promote competitive integrated employment as the preferred outcome?
- How do we build and sustain the capacity of our front-line staff across systems to successfully implement evidence-based effective practices that lead to and sustain competitive integrated employment?

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ODEP's EFSLMP Focus (2)

- How do we support publicly funded service provider organizations to see the benefits – to the people they serve, their organizations and their communities – of focusing on the provision of competitive integrated employment supports and other integrated home and community based services?
- How do we support publicly funded service provider organizations to build and sustain capacity in their organizations to deliver competitive integrated services as the first option?
- How do we collectively measure progress across systems over time?

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EFSLMP 2015

Core states receive:

- Onsite and virtual Technical Assistance to increase Competitive Integrated Employment
- Michigan's Executive Order 2015-15

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Employment 1st Michigan path...

- Received ODEP Technical Assistance
- Michigan Executive Order 2015-15
- Employment First in Michigan (Enhanced Recommendations for Implementation) - Partnership MARO, MDDC, Independent Living Council
- State Appropriation by Governor for additional TA in 2018

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Accomplishments: 2015-2016

- Over 500 hours of intensive technical assistance from subject matter experts nationally
- Direct support professionals trained in ACRE Employment Services Training and Customized Employment Strategies
- 8 providers supported through provider transformation (ability to provide TA within Michigan to other providers)
- MOU - "Super MOU" signed by MDHH, MRS, WDA, Bureau of Services for Blind, MDDC to provide increase coordination for student transition
- Seamless Transition to Employment Pilot

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Accomplishment 2016-2018

- Comprehensive approach including eight (8) focus areas
 - Statewide Capacity Building
 - Provider Transformation – additional 10 provider agencies
 - Rate Restructuring – 2 CMH (2016-2017) 4 CMH, 9 provider agencies (2018)
 - Blending and Braiding Resources
 - School-to-work
 - Employer Engagement
 - Outreach
 - Benefits Coordination and Planning

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Rate Restructuring

- 2016-2017 – Oakland County/Kalamazoo County
- 2018 – Oakland County implementation of outcome based strategies (milestone and hours worked)
- 2017-2018 – Four (4) CMH receive TA to support Outcomes Based Contracting Strategies to enhance Competitive Integrated Employment

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Common Definitions

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Integrated Employment

Integrated Employment refers to *individualized* work paid directly by employers at *competitive wage* with commensurate benefits, occurring in a *typical work setting* where the employee with a disability interacts or has the opportunity to interact continuously with co-workers without disabilities, has an opportunity for advancement and mobility, and is preferably engaged full time.

Individualized - individual employment situations, not small groups (even if pay is competitive and setting is integrated)

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Competitive Wage

- **Competitive Wage** refers to wages that are the greater of minimum or prevailing wages
- **Prevailing Wage is defined** as the hourly **wage**, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers, and mechanics. **Prevailing wages** are established, by the Department of Labor & Industries, for each trade and occupation employed in the performance of public work.

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Supported Employment

Supported employment is considered ***competitive, integrated employment*** when:

- It takes place in a typical work setting where the employee with a disability interacts or has the opportunity to interact continuously with co-workers without disabilities and has an opportunity for advancement and mobility.
- It is individualized (one person – one job)
- The wages paid are competitive (at least minimum)
- The employer is not the funder or provider of supported employment services for the individual

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The Federal Perspective - CMS

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- **Issued May, 2013:**
 - "Summary - Essential Elements of Managed Long Term Services and Supports Programs"
 - "Community based LTSS should be delivered...in a way that offer the greatest opportunities for active community and **workforce participation.**"
 - "CMS expects states to assure that managed care networks meet the needs of MLTSS beneficiaries, including adequate capacity and expertise to provide access to services that support community integration, such as **employment supports**"

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March, 2014:
New Regulations Addressing Person-Centered Planning

- Conflict-free case management now in regulation.
- Providers of case management may not be providers of other services, even with firewalls in place, unless it is clearly demonstrated that there are no other willing and qualified providers
- PCP process must provide choice of setting, including non-disability specific settings.

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March, 2014: (Implementation by 2019-2022)
New Regulations Addressing Home and Community-Based Settings (HCBS Rules)

- Home and Community-Based Settings are places that:
 - Support access to the greater community
 - ***Provide opportunities to seek employment and work in competitive integrated settings***
 - Provide opportunities to engage in community life
 - Provide opportunities to control personal resources
 - Give people receiving services the same access to the community as those who aren't receiving services

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February 2018: Guidance

Statement on Work Requirements

Guidance authorizing States to impose work requirements on Medicaid Participants (2 states approved to include as requirement to Medicaid programs)

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US Department of Justice

June 22, 2011

- Public entities are required to have:
 - **"a comprehensive, effectively working Olmstead plan...that must contain concrete and reliable commitments to expand integrated opportunities.**
 - **The plan must have specific and reasonable timeframes and measurable goals...**

US Department of Justice June 22, 2011 (2)

- The plan **should include commitments** for each group unnecessarily segregated such as individuals **spending their days in sheltered workshops and segregated day programs.**
- The plan must demonstrate **success by moving individuals to integrated settings in accordance with the plan."**

The Case for Competitive Integrated Employment

- Improves Health:
 - Employment contributes to better health
 - Better health contributes to participation in employment
- Employment contributes to prevention of - and recovery from - mental illness
- Employment is associated with greater skills in activities of daily living

The Case for Competitive Integrated Employment

- Employment creates opportunities to build & use natural supports
- Employment enhances income –people can contribute to the cost of their supports
- Employment offers access to employer-sponsored health care

Investments in employment yield big dividends

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Competitive Integrated Employment – Why not everyone? What is standing in the way?

Before we dig into Contracting and Reimbursement strategies

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Whatever you think you need to do...

Adopting E1st Policy

Enhancing Person Centered Planning Approaches

Adding services to the contract

Ensuring adequate rates for integrated employment services

Provider training and TA

You'll need to do more.

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~~No or Low~~ Expectations

- Expect that people will work...in regular jobs for regular pay—employed by regular employers
- Be prepared to defend your expectations (over and over and over)
- Address commitment to choice and self-determination:

Ensuring the same choices and opportunities that citizens without disabilities have...

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Employment Expected & Assumed

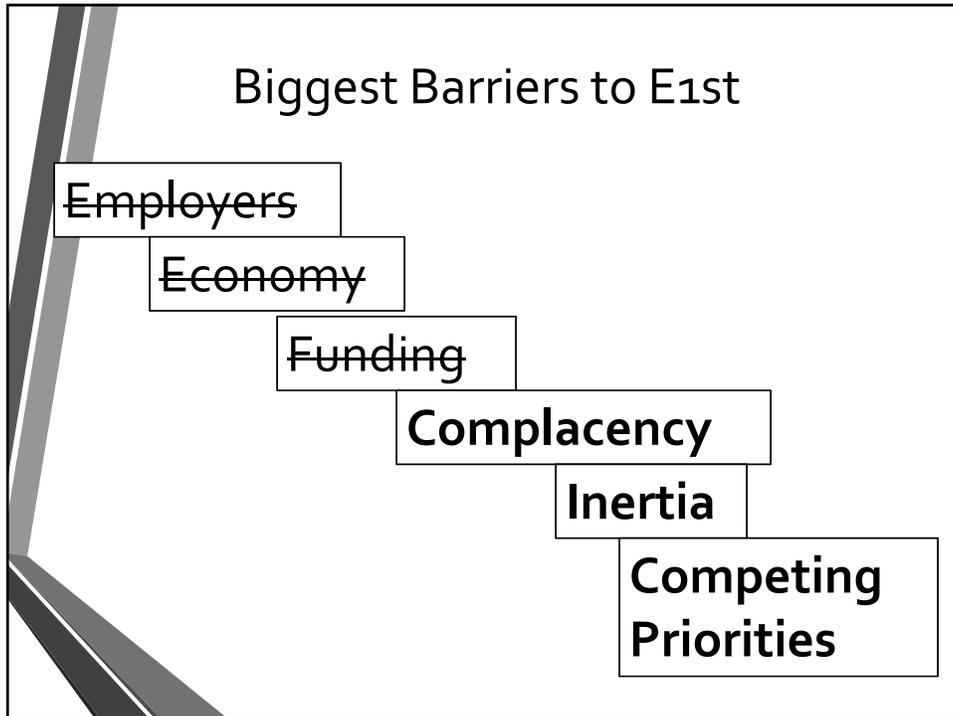
Employment as the anchor
in a meaningful day and
a meaningful life.

-Pat Rogan, Indiana University

Employment First

Competitive, integrated employment is what we expect first and plan to achieve first rather than planning for something less because we assume competitive, integrated employment is not possible.

-Linda Vegoe, WI Rehabilitation Council



Areas to enhance- Michigan

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Overall Impressions

- Partnership with Employers – expectation of CIE for all and highlighting and matching strengths.
- Strengthen MRS partnership for job development
 - Partnership with consistent providers, cash match, inconsistent across counties, CMH/PIHP funding up front services
- Transportation options for CIE
- Consistent code structure to pay for outcomes
- Match HCBS rules with CIE initiatives
- Lack of Provider Network in areas across Michigan

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Outcomes Based Payment for Employment 1st

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This Stuff is Complicated!



Key Themes

- Set rates to reinforce that integrated competitive employment is the preferred outcome
- Analyze rates so we don't inadvertently create the wrong incentives
- Staff costs are largest drivers of service costs; staffing ratios have huge impact on service costs and thus should be critical factor in rate setting and contracting

Paying More for Preferred Services

- Paying more doesn't automatically mean financial incentive exists.

Reimbursement Rate	Minimum Staffing Ratio	Income Per Staff Hour of Service
\$10.00	1:4	\$40.00
\$20.00	1:1	\$20.00

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Key Themes

- Re-adjust rates to match preferred outcomes/services
- Create a "financial incentive" to do Competitive Integrated Employment and a "cost" if providers only continue facility based and non work services.
- Need to create a financial path for providers to transform their system.
- Put your money where your "outcomes" are....

Rates Are Part Of Larger Strategy

- Rates alone are not enough to move people from day and sheltered work services to supported employment
- What happens in individual service planning is critical – this drives what services providers are expected to provide
- Rate and reimbursement changes helps remove provider motivation to keep people in certain types of services for fiscal reasons.

Maintaining Cost Neutrality

- Authorize only the amount of service that a person actually needs
- Adjust down rates for services where the net income margin for providers is currently too high
- Use savings to adjust up rates for preferred services, especially if current rates for these services have little or no net income margin built in

Maintaining Cost Neutrality

- Build expectation of job coach fading into reimbursement structure for supported employment
- Fading possible due to blend of the following strategies:
 - Customize positions to match skills
 - Use systematic training to teach job duties
 - Use of assistive/adaptive technology and aids
 - Engage natural supports (compensate if necessary)

Redesigning How We Pay for Supported Employment Services

One Key To Achieving Employment First

Supported Employment

- Fading expected as key to cost-effectiveness and as integral part of service model
- Hours of participation are expected to differ from hours of service
- Face to face service delivery not desirable in many aspects of service model

Using Fee for Service to Pay for Supported Employment

The more capable an organization \Rightarrow the less hours they need to deliver a service.

The less hours of service delivered \Rightarrow the less billable hours.

The more capable organization receives less funding as a result of being more capable.

Political Impact of Paying Based on Fee for Service

- High rate per hour of service assumed to be indication that service is expensive
- The cost-effectiveness of supported employment is counterintuitive
- Elected officials, Medicaid personnel and those authorizing service plans may be easily convinced that *Employment First* is fiscally unfeasible

Fee for Service Prognosis

“The number one thing that needs to happen as part of health care reform: We need to change incentives from doing more to being paid for performance...in other words, we need to end fee for service.”

Paul Keckley
Health Care Economist
Director, Deloitte Center for Health Solutions
CNN, 6/28/12

Maintaining Supported Employment

How to maintain and enhance long term?

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Maintaining Competitive, Integrated Employment: Rewarding Desired Outcomes

- Reimbursing on a “per supported employee hour worked” basis creates fiscal incentive to achieve desired outcomes:
 1. Incentive to maximize hours worked by the supported employee
 2. Incentive to fade supports as much as possible (use best practice strategies)
 3. Allows non-face-to-face support when best practice calls for this

Rewarding Desired Outcomes

- Reimbursing on a “per supported employee hour worked” basis creates fiscal incentive to achieve desired outcomes:
 4. Incentive to prevent job loss
 5. Incentive to prevent reductions in hours

Myths that Impede Employment First - Debunking

- Reimbursing on a “per supported employee hour worked” basis promotes cost-effectiveness associated with increased investment in service:
 1. Reimbursement rates look good in comparison to rates paid per hour of service for alternatives
 2. Creates viable path for money following the person to better outcomes involving equal time

Simple Doesn't Work: Some Sophistication is Essential

- Flat rates encourage continued “creaming”
- Tiered rates allow reimbursement to be objectively adjusted for “degree of difficulty”
- Phased rates allow reimbursement to be adjusted for length of time in the job
- Combined approach removes disincentive to serve people with more challenges and new people entering integrated/supported employment

Wisconsin: Perceptions Inhibit Systems Change

“We were told repeatedly in every focus group that systems’ change initiatives would likely fail due to existing fiscal disincentives that create barriers to moving from facility-based to community-based employment.”

[Statewide Needs Analysis, 2010]

Research disproved perception;
Focus moved to cost of outcomes

- Cost Per Dollar Earned

Supported Employment: \$.98

- Sheltered Work: \$4.41

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Research disproved perception;
Focus moved to cost of outcomes

- Cost Per Hour Worked

Supported Employment: \$8.01

- Sheltered Work: \$13.40

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Outcome-Based Supported Employment Payment Structure

- Implemented within 1915(b/c) managed care waiver model
- Utilizes tiers and phases
- Builds in expectation of best practice leading to cost-effectiveness
- Outlier status criteria developed

#1 Myth about Supported Employment

- **Everyone needs 1:1 paid support 100% of the time they are working in individual integrated employment**
- If rates are based on this assumption, *Employment First* will bankrupt the waiver
- Step #1 is accurately projecting support needs in relation to hours being worked

Job Coaching Percentages Used to Calculate Outcome-Based Reimbursement

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

Reimbursement Per Supported Employee Hour Worked

Based on \$32/hour of job coaching service

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

Actual #s PRIOR TO CHANGE 194 Total

	0-11 Months	12-24 Months	25+ Months
Tier 1	0	0	0
Tier 2	2	1	11
Tier 3	9	4	27
Tier 4	30	23	87

Actual #s 25 Months after Change 261 Total(35% growth)

	0-11 Months 41.5% growth	12-24 Months 107% growth	25+ Months 17% growth
Tier 1 20	13 Up from zero	2 Up from zero	6 Up from zero
Tier 2 10	0 Down from 2	1 No change	9 Down from 11
Tier 3 48	9 No change	16 Up from 4	23 Down from 27
Tier 4 183	36 Up from 30	39 Up from 23	108 Up from 87

Incentives to Get People Interested

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Denver Options MCO

- Merit Raises available to case managers based on the number of working-age individuals on their caseloads who:
 - Were working in competitive, integrated employment
 - Had a goal to secure competitive, integrated employment in their Individual Service Plan (Plan of Care)

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Incentives to Get People Ready Moving

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Applying Outcome-Based Approach to Skill-Building Services

- Revised service definition made intended outcome is individualized job in community at competitive wage
- Tiered reimbursement rates can reward providers for assisting individuals to make progress toward intended outcome of service
- Cost neutral implementation is possible; cost savings result if status quo continues

Skill Building Service Reimbursement Tied to Outcomes

- Level One (lowest reimbursement rate)
 1. No integrated employment goal
 2. Guardian/family not supportive of transition to integrated employment
- Level Two (middle reimbursement rate) ⇐This was old rate
 1. Integrated employment is desired
 2. Career exploration, Discovery, early planning underway
- Level Three (highest reimbursement rate)
 1. Application and open case with Rehab Services
 2. Actively seeking integrated employment

Incentives to Get People Jobs

Simple Doesn't Work: Some Sophistication is Essential

- Flat rates encourage continued "creaming"
- Tiered rates allow reimbursement to be objectively adjusted for "degree of difficulty"
- Tiered rates remove disincentive to serve people with more challenges in integrated/supported employment

Tiered Outcome-Based Reimbursement for Job Development

Acuity Tier	One Time Payment
Tier 1	\$1600/One Time
Tier 2	\$1200/One Time
Tier 3	\$900/One Time
Tier 4	\$650/One Time

- The primary funding source for Job Development should always be the Rehabilitation Services/Vocational Rehabilitation (MRS).

MRS as First Option

- Eligibility is key to being served; Application is necessary to trigger eligibility determination.
- Commitment to jointly funding best and evidence-based practices is critical: IPS for individuals with SPMI; customized employment for individuals with IDD
- MRS needs to adopt commitment to serving eligible individuals who have long-term support for employment available through PIHPs/CMHSP's.
- Availability of long-term support could be used as proof of eligibility/most significant disability status for MRS-funded supported employment.

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Workforce Innovation & Opportunity Act (WIOA)

- State vocational rehabilitation agencies must enter into formal agreements with state Medicaid, I/DD, and Mental Health agencies to improve coordination of resources
- Focus on common customers

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IPS: Role of Rehab Services

- Maryland Rehab Services:
- Maryland Rehab Services pays for job development (\$1,300), the initiation of intensive coaching (\$1,000), and for 45 days of job retention (\$800).
- Total = \$3,100

- Illinois Rehab Services:
- Milestones: 45 days, 60 days, 90 days, 120 days and 150 days.
- Total = \$8,172

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IPS: Role of Rehab Services

- Wisconsin Rehab Services:
- IPS Career Profile/Report (\$950); IPS Job Development Plan (\$500); IPS Placement/Hire (\$1,500 to \$2,100 depending on hours/wage/health insurance benefits); On-going support (\$800/month); Transition to long-term support (\$1,200).
- Minimum Total = \$5,950

- Missouri Rehab Services:
- Vocational Profile (\$1,000); Job Development (\$1,500); 30-45 days worked (\$1,500); 90-day retention (\$2,000).
- Total = \$6,000

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IDD/Arkansas Rehab Services

- **Supported Employment Fees/ Milestones**
- \$1000 **REFERRAL/JOB DEVELOPMENT**
- \$3000 **JOB MATCH/ PLACEMENT**
- \$1000 **STABLIZATION** (Client stabilized on job for **30 days or more.**)
- \$3000 **CLOSURE** (Client has maintained stable employment for 90 days or more past the stabilization date.)
- \$8000 **TOTAL**

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Outcome-Based Reimbursement for Discovery or SE Assessment

- Some state Medicaid agencies including Discovery as distinct service in waiver (or paying for it under SE-Individual service)
- Outcome-based reimbursement for delivery of complete Discovery Profile within time-limited period (e.g. 60 days)
- Payment based on average hours needed to complete Discovery process and write profile; payment can be tiered based on acuity (assumes more hours needed for people with more significant disabilities or limited/no work histories)

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Lessons Learned

- Reimbursement strategy just one piece of the Employment First puzzle
- Raising standards while expecting expansion of employment services is tricky balance
- Unintended consequences will still appear – need on-going commitment to addressing these
- ***Develop models in close collaboration with providers – develop pilots or mock billing to test/project impact***

Employment First

Competitive, integrated employment is what we expect first and plan to achieve first rather than planning for something less because we assume competitive, integrated employment is not possible.

-Linda Vegoe, WI Rehabilitation Council

Next Steps in Michigan -

- Currently four (4) CMH's receiving technical assistance in 2017-2018 to develop and implement Outcome Based Strategies to support Competitive Integrated Employment
- What about YOU??? October 2018-September 2019 opportunity for four (4) more CMH/PIHP to receive technical assistance for Outcome Based Contract Strategies

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Bay Arenac Experience

- 2017-2018 Technical Assistance Experience (Brenda)

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