Medicaid Employment: Options and Incentives

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Objectives

• Discuss CMS Technical Guidance on Employment Services

• Discuss HCBS Regulation Regarding Home and Community-Based Settings

• Provide an Overview of CMS Funding Opportunities for Employment Supports and Services

• Discuss New Performance-based Options for Funding Employment Supports through a §1915(c) waiver
1915 (c) Waiver Technical Guidance Revisions

- Underscores CMS’s commitment to the importance of work for waiver participants
- Supports States’ efforts to increase employment opportunities and meaningful community integration for waiver participants.
- Provides further clarification of CMS guidance regarding several core service definitions and adds several new core service definitions.
Key Updates to CMS Waiver Guidance: continued

- Articulates best practices and highlights self direction options for employment support

- Explains that Ticket to Work Outcome and Milestone payments are not in conflict with payment for Medicaid services rendered
Key Updates to CMS Waiver Guidance:

• Provides a strong preamble that highlights the importance of competitive work and CMS’s goal to promote more integrated employment options in waivers

• Emphasizes the critical role of person centered planning in achieving employment outcomes
Key Updates to CMS Waiver Guidance: continued

- Articulates best practices and highlights self direction options for employment support

- Explains that Ticket to Work Outcome and Milestone payments are not in conflict with payment for Medicaid services rendered
Key Updates to CMS Waiver Guidance (continued):

- Clarifies that pre-vocational services are not an end point, but a time limited (but no specific limit given) activity to help someone obtain competitive employment.

- Describes that volunteering, work and other work type similar activities that can build skills and interest for integrated supported employment (but that are not paid, integrated employment) are appropriately classified as pre-vocational, not supported employment services.
Key Updates to CMS Waiver Guidance: continued

- Splits supported employment into two core service definitions - individual and small group.
- Adds a new core service definition for career planning currently used by several States.
• CMS is not changing policy, but clarifying and strengthening guidance around permissible waiver options to promote employment for people with disabilities and individuals who are elderly.

• CMS issued an Informational Bulletin with these updates on 9/16/11 (https://www.cms.gov/CMCSBulletins)

• These changes were also included in the January 2015 version of the Waiver Technical Guide
1915(c) reimbursement methodologies to incentivize integrated employment

- Using the core service definitions in the Employment Supports Informational Bulletin for group versus individual supported employment, States can establish higher rates to incentivize individual supported employment.
Paying for Career Planning

• Local education agencies (for youth under 21)
• Vocational Rehabilitation Services
• One Stop Career Centers
• Medicaid- 1915(i) or 1915 (c) under prevocational, supported employment, day habilitation, or “other” category. (*see CMS’ Employment Supports Informational Bulletin 9/16/2011)
States could opt to provide this service through a 1915(i) or as a 1915(c) waiver service, by including it in the definition of Supported Employment services, Prevocational Services, Day Services or by adding it under an “other” category.

CMS would want to see a statement that the service is not otherwise covered through another source of federal funding, such as the SSA.
Money Follows the Person (MFP) Demonstrations are active in 44 States and the District of Columbia.

MFP provides opportunities for States to promote and support employment through program administration, policies and services.

States also have opportunities within their rebalancing funds to support employment related services and activities.
Money Follows the Person
State Investments Using Rebalancing Funds

- Increase in Waiver slots
- Development of needs-assessment tools
- Increase community service capacity, including employment services
- Employment Specialists
• Effective October 1, 2011
• Balancing Incentive Program offers a targeted FMAP increase to States that undertake structural reforms to increase access to HCBS.
• The enhanced matching payments are tied to percentage of State’s long-term services and supports offered through HCBS.
• Requires States to implement structural changes including: no wrong door–single entry point system, conflict-free case management services, and core standardized assessment instruments.

• Provides a strong financial incentive to stimulate greater access to non-institutionally-based long-term services, including employment supports.
1915 (i) State Plan Option for Home and Community Based Services

- Section 1915 (i) State Plan Option to provide home and community based services was modified through Section 2402 of the Affordable Care Act to allow States to expand access to home and community based services without requiring institutional level of care for enrollees.

- There are 17 States with 20 approved 1915(i) HCBS programs in their State plans.

- Services can include employment supports.
• Adds Section 1915(k) to the Social Security Act

• Includes 6% enhanced FMAP

• Statewide – in community (not institutions)
CFC is an optional State plan benefit which utilizes a person-centered plan and allows for provision of services to be self-directed.

The benefit can be used to pay for a personal care attendant at the employment site.
Managed Long Term Services and Supports – as a service delivery system will support Employment.

Different Managed Care Authorities (1115, 1915(b), etc.) can be used to support Supported Employment.
Published in the Federal Register on 01/16/2014

Title:
Medicaid Program; State Plan Home and Community-Based Services, 5-Year Period for Waivers, Provider Payment Reassignment, and Home and Community-Based Setting Requirements for Community First Choice (Section 1915(k) of the Act) and Home and Community-Based Services (HCBS) Waivers (Section 1915(c) of the Act)
Intent of the Final Rule

- To ensure that individuals receiving long-term care services and supports through home and community based service (HCBS) programs under the 1915(c), 1915(i) and 1915(k) Medicaid authorities have full access to benefits of community living and the opportunity to receive services in the most integrated setting appropriate.

- To enhance the quality of HCBS and provide protections to participants.
Final Rule: Impact on Employment

441.301(c)(2)(i) The Home and Community-Based setting:
• Is integrated in and supports access to the greater community
• Provides opportunities to seek employment and work in competitive integrated settings, engage in community life, and control personal resources
• Ensures the individual receives services in the community to the same degree of access as individuals not receiving Medicaid home and community-based services
Acceptable:

- Outcome payment for Discovery or SE Assessment Service and Report as a single unit of service which is:
  - Time-limited service
  - Tangible outcome that shows the service was completed (e.g., a report, career plan)
- Payment must be based on the average amount of time it is expected to take to complete the service (based on actual data) and the cost per hour of service determined by the state.

Example: 40 hours of service X $40/hour = $1,600 outcome payment
Pay for Performance Option

Acceptable:

• Outcome payment for Job Development, Placement, Customized Employment Position as a single unit of service
  • Time-limited service
  • Defined outcome that can be identified for payment (e.g. job obtained)
• Payment must be based on the average amount of time (based on actual data) it is expected to take to complete the service and the cost per hour of service determined by the state.

Example: 50 hours of service X $40/hour = $2,000 outcome payment
Pay for Performance Option

Acceptable:

- Tiered outcome payments based on level of disability
- Must explain in application the number of tiers and how the state will determine the appropriate tier for each waiver participant
- If state plans to have exception process, this must also be explained
- If a state doesn’t use tiers and instead has one reimbursement rate for everyone, can the state demonstrate that people at all levels of acuity are getting access to the service and using the service to the same degree?
Acceptable:
Milestone payments in addition to fee-for-service to reimburse providers when certain employment outcomes are achieved

- Examples:
  - Person secures job that is 20 or more hours per week
  - Person achieves hourly wage that is 20% above state’s minimum wage
  - Person retains job for at least 6 months, then one year
  - Payment must be based on fair estimate of effort (based on data) a provider must put in to produce these “above average” outcomes.
Acceptable:
 • Payment per hour worked by the supported employee:
   • Must be based on average percentage of job coaching time necessary to enable person to retain employment (supported by data at outset and verified at intervals on on-going basis)
   • Can have tiers based on acuity and average percentage can vary based on acuity.
   • Fading (some decline in percentage) over time must be expected at each acuity tier as the individual develops proficiency at the job.
Acceptable:

- Payment per hour worked by the supported employee
- Requirements:
  - Reimbursement is verified for the hours the individual worked – not projected hours.
  - The individual has the option to end service if s/he wants to work completely independently
  - Payment adjustment is required when a job coach works with multiple individuals in a job site.
Pay for Performance Option

General Requirements:

- Independence of job coach from person centered care planner/case manager (no organizational or financial relationship; for a definition of a financial relationship, see 42 CFR 411.354).
Pay for Performance

General requirements:

• CMS requires fiscal integrity structures that ensures a regular look behind at actual hours spent working with individuals to ensure that the estimates used to set payments remain accurate.

• CMS requires the state to have clear expectations of success of an outcome. Criteria must be standard – not arbitrary, in order to weigh evidence against success.
Pay for Performance Option

Not Acceptable:

• Payment for a unit (e.g. 15 minutes; hour; day; month) where there is no expectation that any amount of service will be delivered by the job coach

• Payment per hour worked by the supported employee if payment structure does not expect fading of paid supports over time
## Example Model: Job Coaching Percentages for Rate Calculation

<table>
<thead>
<tr>
<th>SIS Tiers or Similar Acuity Tiers</th>
<th>0-11 Months on Job</th>
<th>12-24 Months on Job</th>
<th>25+ Months on Job</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acuity Tier 1</td>
<td>85%</td>
<td>75%</td>
<td>65%</td>
</tr>
<tr>
<td>Acuity Tier 2</td>
<td>65%</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>Acuity Tier 3</td>
<td>45%</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>Acuity Tier 4</td>
<td>30%</td>
<td>20%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Department of Labor’s Office of Disability Employment Policy

- Projects of Significance
- Collaborations w/CMS
- How projects interact with CMS efforts
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