

Improving Competitive Integrated Employment Outcomes in KanCare

Cost Modeling An Appropriate
Supported Employment-Individual
Reimbursement Rate Using An
Outcome-Based Payment Model

July 10, 2023

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Consultation Funded By:



Supported Employment & Day Supports Utilization SFY 2022						
Waiver Service	IDD Tier 1	IDD Tier 2	IDD Tier 3	IDD Tier 4	IDD Tier 5	Total
H2023	15	42	58	27	62	204
T2021	2,148	1,826	1,492	613	460	6,539
Total Count	2,163	1,868	1,550	640	522	6,743

Supported Employment: 3% of Total Users (duplicated count)

Day Services: 97% of Total Users (duplicated count)

Utilization of Supported Employment in
KanCare Appears to be Significantly Less than
Non-Work, Day Supports



Examples of Individual SE Rates (July 2021)

State	Rate Per 15 Min Unit	Rate Per Hour of Service
Kansas	\$3.34	\$13.36
Nebraska	\$13.95	\$55.81
Colorado	\$14.20	\$56.80
Iowa	\$11.29	\$45.16
Oregon	\$12.92	\$51.70
Michigan	\$9.65	\$38.61
Oklahoma	\$7.16	\$28.66
Tennessee	\$6.82	\$27.27
Alabama	\$9.00	\$36.00
Wisconsin	\$8.00	\$32.00
Ohio	\$11.54	\$46.17

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- Rates dependent on various cost factors
 - Variations due to assumptions about
 - Face to face time only or all time on behalf of individual
 - Transportation to/from service included or not included in rate
 - Wage level; qualifications; training requirements
 - How recently updated

Cost Modeling: Baseline

		SFY22	% Time in T2021	Annual Units	FY23 Rate	Annual Cost
Day Services T2021					15-Min Unit	
Tier 1		2148	100%	5520	\$7.25	\$85,962,960.00
Tier 2		1826	100%	5520	\$5.36	\$54,026,227.20
Tier 3		1492	100%	5520	\$4.31	\$35,496,470.40
Tier 4		613	100%	5520	\$3.18	\$10,760,356.80
Tier 5		460	100%	5520	\$2.73	\$6,932,016.00
TOTAL		6539	100%	36095280	\$5.35	\$193,178,030.40
			26.5 hrs/wk			

Cost Modeling:

SE (H2023) Fee-for-Service Job Coaching Rate

State	Rate Per 15 Min Unit	Rate Per Hour of Service
Kansas	\$3.34	\$13.36
Nebraska	\$13.95	\$55.81
Colorado	\$14.20	\$56.80
Iowa	\$11.29	\$45.16
Oregon	\$12.92	\$51.70

	Coaching %	Coaching Rate Per 15-Minutes Worked by Supported Employee	Coaching FFS 15-Minute Rate \$12.00
Tier 1	100%	\$12.00	
Tier 2	90%	\$10.80	
Tier 3	80%	\$9.60	
Tier 4	70%	\$8.40	
Tier 5	60%	\$7.20	Current FFS 15-Minute Rate \$4.47

- For purposes of modeling, used \$12.00 per 15-minute unit.
- This is proposed fee-for-service rate for job coaching time (on behalf of specific individual; not face-to-face only)
- This can be adjusted in the workbook.
- This rate is converted to payment rate per 15-minutes worked by supported employee based on anticipated average coaching needed.

Cost Modeling: Year 1 of Transition

Day Services T2021	% Remaining in F-T T2021	# Remaining in F-T T2021	% of Time in T2021	Annual Units	FY23 15-Min Unit	Annual Cost
Tier 1	100%	2148	100%	5520	\$7.25	\$85,962,960.00
Tier 2	95%	1735	100%	5520	\$5.36	\$51,324,915.84
Tier 3	90%	1343	100%	5520	\$4.31	\$31,946,823.36
Tier 4	80%	490	100%	5520	\$3.18	\$8,608,285.44
Tier 5	70%	322	100%	5520	\$2.73	\$4,852,411.20
TOTAL		6038	26.5 hrs/wk	33329208	\$5.48	\$182,695,395.84

YEAR 1 Transition-Day Services T2021	% to P-T CIE H2023	# to P-T CIE H2023	% of Time in T2021	T2021 Annual Units	FY23 Rate for T2021	Annual Cost for T2021	% of Time in H2023	H2023 Annual Units	Proposed Rate for H2023	Annual Cost for H2023
					15-Min Unit				15-Min Unit Worked by Supported Employee	
Tier 1	0%	0	55.0%	3036	\$7.25	\$0.00	45.000%	2484	\$10.00	\$0.00
Tier 2	5%	91	55.0%	3036	\$5.36	\$1,485,721.25	45.000%	2484	\$10.80	\$2,449,323.36
Tier 3	10%	149	55.0%	3036	\$4.31	\$1,952,305.87	45.000%	2484	\$9.60	\$3,557,882.88
Tier 4	20%	123	55.0%	3036	\$3.18	\$1,183,639.25	45.000%	2484	\$8.40	\$2,558,122.56
Tier 5	30%	138	55.0%	3036	\$2.73	\$1,143,782.64	45.000%	2484	\$7.20	\$2,468,102.40
TOTAL	7.66%	501	14.5 hrs/wk	1521339.6	\$3.79	\$5,765,449.01	12 hrs/wk	1244732		\$11,033,431.20

Cost Modeling: Year 1 of Transition

Total Annual Cost	Difference	% Difference
\$199,494,276.05	\$6,316,245.65	3.27%
FMAP=39.03%		
Total State Share	New PPL to CIE	Total Hrs. Worked Annually
\$2,465,230.68	501	288,576

Day Services T2021	% Remaining in F-T T2021	# Remaining in F-T T2021	% of Time in T2021	Annual Units	FY23 15-Min Unit	Annual Cost
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Tier 2	95%	1735	100%	5520	\$5.36	\$51,324,915.84
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CMS Addressing Use of Outcome-Based Payment Methods

Outcome-Based Payments in a 1915(c) Home and Community-Based Services (HCBS) Fee-For-Service (FFS) System

June 14, 2023

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CMS Addressing Use of Outcome-Based Payment Methods (2)

Outcome-Based Payments and Rate Setting

- States can include outcome-based reimbursement for waiver services as a component of the waiver service rate setting methodology.
 - Similar to other rate setting components that factor into the final payment rate, the state must be able to describe how the outcome-based payment amount is determined for milestones or outcomes.
- States may offer outcome-based payments for waiver services to incentivize or reward desired participant outcomes and for services with clear and measurable milestones.
 - States most commonly use outcome-based payments in rate setting methodologies for supported employment services as this service has clear and measurable milestones as participants complete prevocational services and job exploration with a goal of long-term, competitive, and integrated employment.



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CMS Addressing Use of Outcome-Based Payment Methods (3)

Examples of Outcome-Based Payments in Rate Setting Methodologies

Supported Employment	
<i>Service Description</i>	<i>Outcome-Based Payment Methodology</i>
<ul style="list-style-type: none">• Services for individuals who need on-going support to obtain and maintain a job in an integrated, competitive, customized, or self-employment (including home-based) setting.• This service is designed to support successful employment outcomes consistent with the individual's personal and career goals.	<ul style="list-style-type: none">• Providers are incentivized to fade supports over time by decreasing the number of direct support hours on the job site once the participant secures long-term employment.• Payments are based on the expected outcome of the service component, the expected timeframe to complete the service, and the:<ul style="list-style-type: none">• Participant's level of need or acuity,• Level of fading achieved, and• Length of time the job has been held.



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NEON SME (Lisa A. Mills, PhD) Final Recommended Service Definitions (8/23)

Supported Employment -Individual

Supported Employment -Individual services are the supports to participants who, because of their disabilities, need support to effectively explore, obtain and maintain individualized, competitive integrated employment, which is wage employment or self-employment, in an individualized position, in an integrated work setting in the general workforce where the participant earns at or above the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities. This wage employment or self-employment may or may not be customized, based on needs and preferences of the participant. The wage is always at or above the state or locally applicable minimum wage.

The outcome of the exploration component of this service is the participant's informed choice with regard to whether to pursue individualized competitive integrated employment. Outcomes of this service may also include securing individualized competitive integrated employment, consistent with the preferences, strengths, abilities and needs of the participant and/or maintaining individualized competitive integrated employment over time.

Supported Employment services are always provided using best and evidence-based practices. Supported Employment-Individual services are individualized and may include any combination of the following services: competitive integrated employment exploration; vocational/job-related discovery or assessment; person-centered employment/career planning; job development/placement/customization; negotiation with prospective employers on behalf of a participant; job coaching including job analysis, job training and systematic instruction, facilitation of the participant's use of technology/adaptive aids for successful employment or self-employment, facilitating relationships and supports with supervisors and co-workers, on-going on-call response capacity, and intermittent ongoing contact with the participant and employer to ensure continued participant and employer satisfaction; work-incentives benefits and asset development planning and management, including assistance with wage reporting as needed; assistance with arranging and coordinating transportation for work; career advancement services; and workplace support and supervision services that are not job coaching but that enable a waiver participant with significant support or supervision needs to successfully maintain individualized competitive integrated employment. Personal care may be a component part of supported employment individual employment supports but may not comprise the entirety of the service.

Supported Employment-Individual services may also include services and supports that assist the participant in achieving individualized competitive integrated self-employment through the operation of a business; however, Medicaid funds may not be used to defray the expenses associated with starting up or operating a business. Assistance for self-employment may include: (a) aid to the participant in identifying 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.

A provider of Supported Employment-Individual services may also receive Social Security's Ticket to Work Outcome and Milestone payments for a participant. These payments do not conflict with CMS regulatory requirements and do not constitute an overpayment of Federal dollars for services provided.

These services may also be used in combination with other public programs designed to facilitate competitive integrated employment, so long as the specific service being provided under this service category does not duplicate the specific service(s) being provided by the other programs.

Supported Employment-Individual Service Limitations:

Documentation is maintained in the file of each individual receiving this service that the service is not or no longer available to the individual under a program funded under section 110 of the Rehabilitation Act of 1973 or the IDEA (20 U.S.C. 1401 et seq.). Federal financial participation is not claimed for incentive payments, subsidies, or unrelated vocational training expenses such as the following:

- 1. Incentive payments made to an employer to encourage or subsidize the employer's participation in supported employment; or*
- 2. Payments that are passed through to users of supported employment services.*

Supported employment-Individual is not intended for people working in mobile work crews or enclaves involving small groups of people with disabilities working in the community, regardless of the wages paid to individuals working in these small groups. Supports and services for this type of employment is covered under Supported Employment-Small Group. Supported Employment-Individual does not include facility based, or other similar types of vocational services furnished in specialized facilities that are not a part of the general workplace, including production facilities operated by providers of waiver services.

Supported Employment-Individual services do not include supports for volunteering. Supports for volunteer learning and training activities that prepare a person for paid employment are addressed through Pre-Vocational Services. Supports for volunteering for personal, non-employment-related goals are addressed through Day Services.

Supported Employment-Individual services do not include payment for supervision, training, support and adaptations typically available to other workers without disabilities filling similar positions in the business.

Individuals receiving Supported Employment-Individual services may receive other types of non-residential habilitation and expanded habilitation services but only one face-to-face service may be billed during a single unit of time.

*Supported Employment-Individual participants' hours worked are [STATE DECISION POINT: included; excluded; partially excluded] in the limits that apply to Day Supports (8 hours or 32 units per day; 25 hours or 100 units per week; 115 hours or 460 units per month). **Note: Cost Model provided includes three scenarios: (1) 100% of hours worked are included in the 25 hour/week limit; (2) 50% of hours worked are included in the 25 hour/week limit; (3) 0% of hours worked are included in the 25 hour/week limit.***

*Transportation during the provision of this service is included in the rate paid for this service. Transportation to and from the competitive integrated employment workplace, if required by the participant (i.e., not available from, or the responsibility of, any other source), is a component part of Supported Employment-Individual services and the cost of this transportation is included in the rate methodology and rates paid for this service. **Note from SME: The state may establish a rate that includes transportation to/from the workplace. The state could also establish a separate rate that does not include transportation, to ensure rate is set based on participant need. Alternatively, the state may offer Community (non-medical) Employment Transportation as a separate waiver service, limited to addressing employment transportation needs only to allow for control of expenditures in this service category.** **Note: Cost Model provided assumes transportation to/from the service is always included in the rate.***

NEON SME (Lisa A. Mills, PhD) Final Recommended Service Definitions (8/23)

Supported Employment – Small Group

Supported Employment Small Group services are small-group career exploration and planning activities combined with small-group paid training activities provided in regular business and industry settings for groups of two (2) to six (6) workers with disabilities. Examples include mobile crews and business-based enclaves employing small groups of workers with disabilities in community workplaces. The outcome of this service is career path development through career exploration and planning and sustained paid training activities, leading to at least part-time successful transition to individualized competitive integrated employment which is wage employment or self-employment, in an individualized position which may or may not be customized, in an integrated work setting in the general workforce where the participant earns at or above the customary wage and level of benefits paid by the employer for the same or similar work performed by individuals without disabilities. The wage is always at or above the state or locally applicable minimum wage.

Supported Employment services are always provided using best and evidence-based practices. Supported Employment-Small Group services may include any combination of the following services: competitive integrated employment exploration; vocational/job-related discovery or assessment; person-centered employment/career planning; job coaching including job analysis, job training and systematic instruction, facilitation of the participant's use of technology/adaptive aids for successful participation in paid training activities, and facilitating relationships with supervisors and co-workers to facilitate development of interpersonal skills for successful transition to individualized competitive integrated employment; and support/supervision services that are not job coaching but that enable a waiver participant with significant support or supervision needs to successfully participate in the service. Personal care may be a component part of supported employment individual employment supports but may not comprise the entirety of the service.

Service Limitations:

Documentation is maintained in the file of each individual receiving this service that the service is not or no longer available to the individual under a program funded under section 110 of the Rehabilitation Act of 1973 or the IDEA (20 U.S.C. 1401 et seq.). Federal financial participation is not claimed for incentive payments, subsidies, or unrelated vocational training expenses such as the following:

- 1. Incentive payments made to an employer to encourage or subsidize the employer's participation in supported employment; or*
- 2. Payments that are passed through to users of supported employment services.*

Supported Employment Small Group services do not include services provided in facility-based work settings.

Supported Employment-Small Group does not include services provided in specialized facilities that are not a part of the general workplace, including production facilities operated by providers of waiver services.

Supported Employment-Small Group services do not include supports for volunteering. Supports for volunteer learning and training activities that prepare a person for paid employment are addressed through Pre-Vocational Services. Supports for volunteering for personal, non-employment-related goals are addressed through Day Services.

Supported Employment-Small Group services do not include payment for supervision, training, support and adaptations typically available to other workers without disabilities filling similar positions in the business.

Individuals receiving Supported Employment-Small Group services may receive other types of non-residential habilitation and expanded habilitation services but only one face-to-face service may be billed during a single unit of time.

Supported Employment-Small Group services are included in the limits that apply to Day Supports (8 hours or 32 units per day; 25 hours or 100 units per week; 115 hours or 460 units per month).

Transportation during the provision of this service is included in the rate paid for this service.

Transportation to and from the places where this service is provided, if required by the participant (i.e., not available from, or the responsibility of, any other source), is a component part of Supported Employment-Small Group services and the cost of this transportation is included in the rate methodology and rates paid for this service. Note from SME: The state may establish a rate that includes transportation to/from the workplace. The state could also establish a separate rate that does not include transportation, to ensure rate is set based on participant need. Alternatively, the state may offer Community (non-medical) Employment Transportation as a separate waiver service, limited to addressing employment transportation needs only to allow for control of expenditures in this service category. Note: Cost Model provided assumes transportation to/from the service is always included in the rate.