STAKEHOLDER BRIEF:
A Systematic Approach to Revising Iowa's Integrated Employment Funding System

Prepared for: Iowa Department of Human Services

Prepared by: The State Employment Leadership Network
A joint program of the Institute for Community Inclusion and the National Association of State Directors of Developmental Disabilities Services.

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Introduction

Iowa Department of Human Services (DHS) has been keenly focused on improving opportunities for Iowans with disabilities to become employed in quality jobs in Iowa communities since 2000 when first awarded a Medicaid Infrastructure Grant (MIG), a federal program providing financial assistance to states to facilitate the competitive employment of people with disabilities. Iowa’s Mental Health and Disability Services (MHDS) and Iowa’s Medicaid Enterprise (IME), both divisions of DHS, have been working together along with their stakeholders, to improve employment outcomes for individuals with disabilities with a particular focus on individuals with intellectual and developmental disabilities (I/DD) in Iowa. Efforts to date have focused on:

- Execution of Iowa MIG plan to increase number of Iowans with disabilities employed in competitive jobs,
- Implementation of its updated Olmstead Plan for Mental Health and Disability Services. Expanding competitive employment opportunities is a strategic priority,
- Review of a State Employment Leadership Network (SELN) detailed comparison of how Iowa compares to states with high performing integrated employment systems, and
- Participation in the SELN funding and rates work group.

Current and ongoing changes that DHS is engaging in are:

- A comprehensive redesign of the service system for Iowans with disabilities, including realigning the roles of counties and the state in financing and managing services, the integration of Olmstead principles, and a requirement to report outcomes, not just service utilization.
- Work with the SELN in developing a data and outcomes reporting system.
- Work with the SELN to address Iowa’s funding and rate methodologies with additional contracted assistance from the SELN.
- Implementation of the Administration on Intellectual and Developmental Disabilities funded Partnerships Project to improve transition services and outcomes.
- Implementation of the newly funded Office of Disability Employment Policy Employment First project.
- Final implementation of Medicaid Infrastructure Grant activities.

This document is a response to a request from DHS to the SELN to produce a cross-state summary of integrated employment funding systems, analyze the features of the funding systems that are most likely to support high rates of individual participation in integrated employment, and develop recommendations for potential funding models for Iowa.

Background on Choosing State's to Inform Iowa's Funding System

In 2012, Iowa asked the SELN to produce a comparison of states' funding structures for integrated employment, with the goal of revising their own funding system to support increased employment outcomes. Initially Iowa requested information specifically on Kansas, Illinois, Minnesota, Oklahoma, South Dakota, and Wisconsin, because of their geographic proximity to Iowa. The table below shows the
employment outcomes of the above named states' Intellectual and Developmental Disabilities (I/DD) Agencies (Table 1).

Table 1: Comparison of Integrated Employment Services

<table>
<thead>
<tr>
<th>State</th>
<th>Percent of individuals receiving integrated employment services</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Average</td>
<td>20.1%</td>
</tr>
<tr>
<td>Iowa</td>
<td>21%</td>
</tr>
<tr>
<td>Illinois</td>
<td>10%</td>
</tr>
<tr>
<td>Kansas</td>
<td>15%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>18%</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>61%</td>
</tr>
<tr>
<td>South Dakota</td>
<td>19%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>50%</td>
</tr>
</tbody>
</table>

As is evident, many of the states initially chosen had integrated employment outcomes that were below the national average. After reviewing this information, stakeholders in Iowa retained Oklahoma and Minnesota in the analysis because of their integrated employment service outcomes, commitment to integrated employment, and recent work to improve employment outcomes. Despite having strong integrated employment outcomes Wisconsin was eliminated from the comparison because of the lack of standardization across the state in funding methodologies and the impact of Managed Care Organizations in the state.

Additionally, Connecticut, New Mexico, and Oregon were included in the analysis as each has integrated employment outcomes greater than the national average, an explicit statewide commitment to employment, and each has recently undertaken the process of revising their methodologies for funding integrated employment. The percent of individuals in integrated employment services in FY 2010 for the final state comparisons is presented in Table 2.

Table 2: Comparison of Integrated Employment Service Outcomes in States Selected for Funding Comparison

<table>
<thead>
<tr>
<th>State</th>
<th>Percent of individuals receiving integrated employment services</th>
<th>Average spending per individual in integrated employment services</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Average</td>
<td>20.1%</td>
<td>$6,823</td>
</tr>
<tr>
<td>Iowa</td>
<td>21%</td>
<td>$3,535</td>
</tr>
<tr>
<td>Connecticut</td>
<td>53%</td>
<td>$10,298</td>
</tr>
<tr>
<td>Minnesota</td>
<td>18%</td>
<td>$2,012</td>
</tr>
<tr>
<td>New Mexico</td>
<td>37%</td>
<td>$8,508</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>61%</td>
<td>$7,195</td>
</tr>
<tr>
<td>Oregon</td>
<td>25%</td>
<td>$4,102</td>
</tr>
</tbody>
</table>

1 Data Source: The ICI National Survey of Day and Employment Services for People with Intellectual/Developmental Disabilities. This survey collects summary data on day and employment service distribution and funding at the state level annually. Data presented are from FY 2010.

2 Data Source: The ICI National Survey of Day and Employment Services for People with Intellectual/Developmental Disabilities. This survey collects summary data on day and employment service distribution and funding at the state level annually. Data presented are from FY 2010.
The payment rates for the following five services were examined: individual integrated employment, group supported employment, facility-based work (sheltered work), community-based non-work, and facility-based non-work (day habilitation). The billable activities, rate structure, unit of service, financial incentives for integrated employment, portability of funds, individualization of rates, funding for transportation, and work with the state vocational rehabilitation are described for each state. A cross-state comparison is provided.

Table 3 (this page) provides a cross-state comparison of hourly rates for integrated employment services. Table 4 (beginning on the next page) provides the payment rate and unit of service for each state for the five day and employment services.

### Table 3: Comparison of Hourly Rates for Integrated Employment Services

<table>
<thead>
<tr>
<th>State</th>
<th>Hourly rate for individual integrated employment</th>
<th>Hourly rate for group supported employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>Job development = $47/hour</td>
<td>Ranges from $8.36--$20.90/hour based upon level of need</td>
</tr>
<tr>
<td></td>
<td>Job coaching = $4.48/hour individual works</td>
<td></td>
</tr>
<tr>
<td>Minnesota</td>
<td>Currently unavailable</td>
<td>Currently unavailable</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Job development = $36.52/hour Job maintenance = $32.08/hour</td>
<td>SIS Groups A-D = $7.80/hour SIS Groups E-G = $11.80/hour</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Job development = $21.85/hour Job coaching (21% or more of work time 1:1 support) = $16/hour individual works</td>
<td>Job coaching = $12/hour individual works or enhanced rate of $14/hour individual works Stabilization = $5/hour individual works</td>
</tr>
<tr>
<td></td>
<td>Stabilization (20% or less of work time 1:1 support for up to 2 years) = $5/hour individual works</td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td>Comprehensive Services Waiver</td>
<td>Job coaching = $10.80/hour</td>
</tr>
<tr>
<td></td>
<td>Job development = $15.09/hour Job coaching = $10.80/hour</td>
<td>Max daily billing rate varies from $96--$86.50</td>
</tr>
<tr>
<td></td>
<td>Max daily billing rate varies from $96--$86.50</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Job coaching = varies from state min wage/hour-$47.44/hour depending upon entity providing the support</td>
<td>Job coaching = $29.11--$43.88 per day, prorated by the number of individuals in the group, only available through provider</td>
</tr>
<tr>
<td></td>
<td>Job coaching = $29.11--$43.88 per day, prorated by the number of individuals in the group, only available through provider</td>
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</tbody>
</table>


Table 4: Rate per Service per State

<table>
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</thead>
<tbody>
<tr>
<td>Connecticut</td>
<td>Job development = $47/hour of service through waiver</td>
<td>Ranges from $8.36-$20.90/hour based upon level of need</td>
<td>Ranges from $8.36-$20.90/hour based upon level of need</td>
<td>Ranges from $8.36-20.90/hour based upon level of need</td>
<td>Ranges from $8.36-20.90/hour based upon level of need</td>
</tr>
<tr>
<td></td>
<td>Job coaching = $4.48/ hour worked in paid employment through state funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Benchmark outcome payments are also made based on the number of hours of paid work for placement; and completion of three and six months of continuous competitive employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minnesota</td>
<td>Currently unavailable</td>
<td>Currently unavailable</td>
<td>Currently unavailable</td>
<td>Currently unavailable</td>
<td>Currently unavailable</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Job development = $9.13/15 min</td>
<td>SIS² Groups A-D = $1.95/15 min</td>
<td>No longer available under proposed changes</td>
<td>Individual support = $6.90/15 min</td>
<td>SIS Groups A-D = $2.58/15 min</td>
</tr>
<tr>
<td></td>
<td>Job maintenance = $8.02/15 min</td>
<td>SIS Groups E-G = $2.95/15 min</td>
<td></td>
<td>Intensive behavioral support = $8.04/15 min</td>
<td>SIS Groups E-G = $3.86/15 min</td>
</tr>
<tr>
<td></td>
<td>Community inclusion job aide = $4.42/15 min</td>
<td></td>
<td></td>
<td></td>
<td>Services must be provided in the community at least 50% of the time</td>
</tr>
</tbody>
</table>

¹ These are new rates that are being phased in over a seven and a half year time frame.
² Initially the state posted projected rates on its website for the purposes of evaluating the impact of the proposed rate frameworks. The Department of Human Services (DHS) had anticipating implementing the revised frameworks in January of 2013, however, in June 2012 it was decided that DHS would delay implementation so that a full year could be used to study rate setting across all of the state's home and community-based waivers.
³ These rates were proposed as of February 2012 and have not yet been implemented in New Mexico. The rates presented represent updates to the rates as of June 2012 provided by DDSD staff.
⁴ SIS is the abbreviation for the Supports Intensity Scale.
<table>
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</tr>
</thead>
<tbody>
<tr>
<td>Oklahoma</td>
<td>$21.85/hour of service employment training specialist</td>
<td>$21.85/hour of service employment training specialist</td>
<td>$4.50/hour individual participates</td>
<td>$14.52/hour individual participates in individual activity</td>
<td>$4.50/hour individual participates</td>
</tr>
<tr>
<td></td>
<td>$16/hour individual works for job coaching</td>
<td>$12/hour individual works or enhanced rate $14/hour individual works for job coaching</td>
<td>Supplemental support as needed $11.33/hour individual participates</td>
<td>$9/hour individual participates in group activity</td>
<td>Supplemental support as needed $11.33/hour individual participates</td>
</tr>
<tr>
<td></td>
<td>$5/hour individual works for stabilization</td>
<td>$5/hour individual works for stabilization</td>
<td></td>
<td>$12/hour individual participates in group activity for individual needing extra support</td>
<td></td>
</tr>
<tr>
<td>Oregon⁵</td>
<td>Comprehensive services waiver</td>
<td>Job development = $15.09/hour</td>
<td>Job coaching = $10.80/hour</td>
<td>$10.80/hour</td>
<td>$10.80/hour</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Max daily billing rate varies from $96-$86.50</td>
<td>Max daily billing rate varies from $96-$86.50</td>
<td>Max daily billing rate varies from $96-$86.50</td>
<td>Max daily billing rate varies from $96-$86.50</td>
</tr>
<tr>
<td></td>
<td>Varies from state min wage/hour - $47.44/hour depending upon entity providing the support</td>
<td>$29.11-$43.88 per day, prorated by the number of individuals in the group, only available through provider</td>
<td>$29.11-$43.88 per day, only available through provider organization</td>
<td>Varies depending upon entity providing the support and group size</td>
<td>$29.11-$43.88 per day, only available through provider</td>
</tr>
</tbody>
</table>

⁵ Information presented about the Comprehensive Services Waiver does not reflect final ODDS policy or practice.
Cross-State Summary: Learning From Other States’ Funding Systems

Information presented in the cross-state summary is intended to inform stakeholders in Iowa about the various funding models that states are implementing or proposing to implement.

Status of States. The five states selected are at various stages in the process of revising and implementing funding systems:

- **Connecticut** has established a statewide rate structure and will be implementing the rate structure across the state over a seven and a half-year time frame. This change moves Connecticut from a traditional contracting structure to a fee for service structure.

- **Oklahoma's** rate structure has been in place for many years and is viewed within the state as an important tool to encourage supported employment services. The focus on payment for the number of hours a person works is unique, but also has created some challenges including incentivizing group supported employment and requiring strong oversight of the fading process to ensure movement between job coaching and stabilization.

- **Minnesota** and **New Mexico** are in the process of finalizing their proposed rates and will implement them within future years.

- **Oregon** is in the final two years of implementing their new funding system. The state is revising the funding structure for one Medicaid waiver, establishing a formal process for the employment discovery process that will blend funding from other resources, and is planning to implement statewide changes in policy and practice in July 2013 to support their goals for integrated employment.

Key Differences Across States. Important differences across states are the unit of service (15 minutes vs. hour), the development of a specific funding rate schedule based upon individual's level of support need (Connecticut, Minnesota, and New Mexico), the use of payments to the provider based upon the number of hours worked by the individual as opposed to hours of direct support received (Connecticut and Oklahoma), and the explicit development of rates that would prioritize integrated employment over other day and employment services (Connecticut, Oklahoma, and Oregon).

Pros and Cons. SELN staff members conducted a cross state analysis of the five states' funding systems. A summary list of the cross-state pros and cons of different funding approaches and assumptions are summarized.

Pros:

- The rate is built up from the cost of hiring high quality employment training specialists and job coaches.

- Employment training specialists’ services are paid for at a higher rate than job coaching services. Note that while separating job development and initial placement from long-term job coaching is a common approach across states, using a team of employment training specialists that support all phases of the employment process may be cost effective in accelerating the process of fading supports.

- The funding system and rate provides a steady and reliable income source for employment service providers and maintains a flexible resource base for responsive support. While states vary in their approach, providing a predictable funding stream based on either hours worked
(Connecticut) or a monthly allocation based on level of need (Montana) seems to provide a stable follow-along resource and a pathway to fading supports.

- The individual's level of support need is included in the determination of the rate for group services.
- Individual integrated employment is financially incentivized over other service options.
- Funding for all day and employment services is designed to support the individual's whole life and allows wrap-around supports during times when the individual is not working.
- Quality assurance and case management structures are used as tools to manage the cost of employment services; and the client authorization process is able to be quickly modified to meet the individual's present needs.
- Either standard or ceiling and floor rates (a cost corridor) for employment and day services are identified.
- There are clearly defined billable activities and the rate is designed to take into account non-billable activities such as provider agency staff meetings, time to complete paperwork, transportation without the individual, and time for staff to attend employment related training. This approach recognizes that the number of billable hours varies by service, and is in general lower for staff that are responsible for job development or individual job support.
- There is a specific process for determining the transition from job coaching to job stabilization or ongoing support services.
- Transportation is funded separately from integrated employment services.
- Individuals are able to use I/DD agency services to begin the employment process while they are waiting for the availability of Vocational Rehabilitation Agency services.
- Job development, negotiation, and initial job entry are funded differently from job coaching and other employment support services.

**Cons:**

- Overly complicated funding systems are not easily understood by provider agencies, case management staff, resource allocation staff, and individuals and their families.
- The non-direct services needed for successful job development are not included in the rate.
- Transportation of the individual is expected to be paid for out of the integrated employment rate.
- Group supported employment services are more financially lucrative for employment service providers than individual integrated employment.
- There are different payment rates for different funding sources (i.e. different Medicaid waivers or individuals who receive state/county only funded services).
- The true cost of hiring high quality staff or staff time for professional development is not accounted for in the rate.
- The payment structure does not support a stable staffing base for flexible long-term employment support and follow along.
Key Assumptions for a High Quality Funding System

Based upon the cross-state comparison, SELN staff identified a series of key assumptions that we believe are crucial to the development of an effective and efficient funding system for individual integrated employment.

Key assumptions:

- **Simplicity is essential**: The funding process and payment rates need to be simple to understand and implement.

- **Service definitions must link to billable activities**: Clear service definitions must be developed that are directly linked to the billable activities allowed under each type of integrated employment service.

- **High quality staff must be compensated**: Employment training specialist and individual job coach wages need to be sufficient to attract individuals who have the capability to operate effectively in complex and diverse work environments.

- **Rate must be based upon staff cost**: Staff cost is the primary driver of service costs. Rates must be based upon the cost of competent staff needed to complete the job tasks and not historical costs.

- **Payment for indirect staff time must be included in the rate**: Indirect staff time needs to account for specific employment training requirements and career development opportunities, staff transportation when not with the individual, meeting with businesses and other system professionals, and the completion of paperwork.

- **Providers’ skill sets must be consistent across the state**: Part of developing a high quality integrated employment system is ensuring that there is consistency across the state in providers’ ability to provide employment services. Statewide training and certification requirements for integrated employment are an important tool to facilitate this factor.

- **Support a stable work team for long-term support**: Providers need a predictable stream of income that will allow them to maintain flexible staff resources for employment support and that encourages fading intensive job coaching.

- **Some services must be time limited**: Clear points in time must be identified for the transition between different levels of integrated employment services. There should be a time limit on the amount of time needed to complete the career exploration process, and a standardized method for determining the fading of job coaching and transition to ongoing supports with a process for exceptions.

- **The budget allocation process is different from the payment rate process**: The development of the process for individual budget allocation must be done separately from the development of payment rates for day and employment services.

- **Individual level of need matters**: Both the individual budget allocation and payment authorization for day and employment services must account for the individual's level of need.

- **Transportation must be a separate allocation**: Funding for transportation for the individual must be a separate allocation and rate. The separation of service from transportation funding must occur across all day and employment services, not just integrated employment services.

- **Funding systems need to have complementary case management systems that support the individual**: The case management structure and process needs to be responsive to changes in
individual's support needs and be able to quickly fund additional supports during times of crisis. Additionally the funding and case management systems must be designed to support a whole life individual community centered approach.

- Funding systems must acknowledge the long-term costs: For long-term cost management, state I/DD agencies must determine what facility-based and day services they will reduce to allow reallocation of resources for expansion of employment and employment related integrated services, for instance adding career planning/discovery to the service options.

- **Know the changes your state needs**: States that are in the process of revising their funding system must review the status of their current funding system and determine the extent to which their system must change to reflect their goals. Some states may only need to tweak their funding systems to increase funding incentives, some may need to simplify their system to make it more effective and efficient, and some may need to completely revise their system of funding day and employment services so that integrated employment is the most popular services option for both individuals and providers.

### Recommendations for Iowa's Funding System

Within the context of the cross-state summary, identification of funding system pros and cons, and the development of key assumptions for a high quality funding system, SELN staff developed a funding approach for Iowa to consider.

**Approach.** Project staff used a rate model that begins with the staff resources needed for implementation, and then builds additional cost factors on that expense. Factors included in a sample calculation can be modified to meet the needs and assumptions in Iowa for benefits and employee costs, program support and program administration, and available (billable) hours.

**Factors the SELN Considered in Developing Recommended Rates.** SELN staff considered the following factors as recommendations were developed:

- **Staff Salary.** Staff cost is the largest cost component providers encounter when offering integrated employment services and therefore the service rate should be grounded in this cost. The other costs are cost of staff transportation to complete job responsibilities, and administrative and program costs.

- **Employee Related Expenses.** This is a direct charge for staff benefits and related direct costs for employing staff.

- **Mileage Cost.** Mileage costs are comprised of the number of miles an individual is expected to travel and cost per mile.

- **Program Support and Administrative Costs** are comprised of: cost of supervisory staff, administrative business costs, equipment costs, and office expenses.

- **Adjustment for Available (Billable) Hours.** Staff available for billable tasks varies according to the job responsibilities. For example, employment staff that has responsibility for job development will in general have more non-billable hours because of time spent travelling without the job seeker, performing non-specific job development, and transitioning between customers. The available billable hours per staff reflects adjustments for (1) vacation, holiday and sick time; (2) training and staff development; (3) job specific activities that are not billable including employer and supervision time, team meetings, non-billable job development, and job
tasks such as progress notes that are not billable; and (4) a productivity adjustment that addresses general non-billable time such as missed appointments or other responsibilities.

**Service Assumptions.** The model proposed considers the costs of three distinct types of employment support:

*Job development and job entry* require support by an employment training specialist with advanced skills. Expert intervention at this stage will influence the long-term costs of a job placement based on the quality of the job, the job match, and the effectiveness of job entry including the establishment of workplace supports.

*Job exploration* and *career planning services* are proposed as a service that can be managed day to day by a professional with less expertise, but Iowa may choose to reconsider this assumption. Finally, *ongoing supports* are a distinct service that requires building a flexible resource base, and simultaneously encouraging fading of resources.

- **Job development and initial training supports** require staff that have advanced community employment competencies and therefore employment training specialists should provide this service and be compensated for their expertise at a rate greater than that paid for providing ongoing individual level; similar to considerations given to funding behavioral specialist.
- **Job exploration and career planning services** are proposed as a service that can efficiently and effectively be provided by a job coach (direct support professional).
- **Provision of on-going employment supports** are a major driver of systems costs. The model for funding ongoing supports needs to balance the importance of establishing a flexible and responsive support team and encouraging fading and the development of natural workplace supports. The project team considered several models for providing ongoing supports including:
  - an on-demand hourly or 15-minute unit based service,
  - a payment based on the hours an individual works (Connecticut and Oklahoma), or
  - a monthly payment based on assessed level of need. Funding on-going employment support cost at a monthly rate is one way to ensure stabilization of provider capacity to deliver quality employment services and within the context of the intermittent demand for employment services.
- **Service costs that do not take into account the individual’s level of support need** can unintentionally exclude individuals with complicated support needs from individual integrated employment services.
- **In order to effectively implement these services clear service definitions** must be developed and the activities described in the service definitions must correspond to the allowable billable activities for each service.

**Recommendations for Calculating Service Rates.** The following recommendations are made regarding the determination of sample service rates. All rate recommendations are based on the cost to providers for delivering quality services. DHS will need to test sample rates and determine cost neutrality in reallocating funding for other day and employment services.

- Different rates should be developed for employment training specialists (ETS) providing individual level employment supports, job coaches when providing individual level employment supports, job coaches when providing group supported employment supports, and direct support professionals in facility-based services.
Annual wages (varies based upon staff title), related expenses including benefits (consistent across staff title), travel costs (varies based upon staff title), and program support and administration (varies based upon staff title) each need to be factored into the determination of staff costs.

Calculations should assume 37.5 hours of work per staff week and up to 32 days of sick/vacation/holidays per staff per year. Factors that vary by staff position and service include training and staff development hours, available hours to work, and the percent of total work week that is billable.

Group supported employment and facility-based services rates should be prorated based upon group size per staff. Group supported employment staff to individual ratios is calculated at group sizes of 1:5--1:6, 1:4, and 1:3. Prevocational services staff to individual ratios calculated at a group size of 1:6.

Additional Rate Recommendations. The SELN has additional recommendations for Iowa to consider.

- **Authorize job development and training as an initial allocation.** Authorize job development and training as an initial hour allocation with the option to increase if needed. SELN staff assumed an initial 40 hour allocation, however it is recommended that DHS conduct a study to determine the number of hours on average it takes providers to complete this component of the employment process. DHS may want to identify the average hours spent based upon the individual's level of need.

- **Authorize job exploration and career planning (discovery) as an initial allocation.** Authorize job exploration and career development for a specific number of hours at a time, with a maximum time limit, and the development of a career plan as the final product. SELN staff assumed an initial 20 hour allocation with a process of allotting up to a maximum of 60 hours for this service. It is recommended that DHS conduct a study to determine the number of hours on average it takes providers to complete this component of the employment process. DHS may want to identify the average hours spent based upon the individual's level of need.

- **Authorize on-going job supports based upon the anticipated number of hours of services needed per month.** Authorize on-going job supports for three need levels (SELN staff used the following groupings: 2-8 hours per month, 9-16 hours per month, and 17-24 hours per month). Develop a process for exceptions (SELN staff used 25+ hours per month).

- **Identify Iowa's current cost for each service.** In order to meet the requirement that changes to the funding system are cost neutral, DHS needs to determine their current cost for each of the following services: job development and training, job exploration and career planning, on-going individual level job support, group supported employment, and pre-vocational employment. This total cost for services is an additional factor that will need to be used in determining new rates for each service.

- **Develop a separate allocation for transportation services.** In order to address the barrier that transportation can be to supporting individuals and providers to transition to individual community employment, DHS should not roll funding for transportation into the rates for any employment or day service but instead provide individuals a separate allocation. The allocation could vary based upon the availability of public transportation, para-transit services, and population density.

As part of their work the SELN suggested rates to correspond to their recommendations. The Department is in the process of evaluating sample rates to understand their impact. After completing the internal
vetting process, DHS’s future plans include testing, revising, and piloting sample rates prior to rules promulgation and implementation. Stakeholder involvement will be critical throughout this process.

**Potential Modifications or Alternatives to the Proposed Rate Structure.** Service rates could also be modified in the following ways:

- Fund ongoing supports at an hourly rate based on utilization instead of providing a tiered monthly rate.
- Fund group supported employment at a monthly rate rather than a tiered hourly rate.
- Use a benchmark payment system based upon specific employment outcomes as a supplement to (outcome-based payment) or as an alternative to an hourly rate. This approach could build in tiers based in individual level of need.
- Fund ongoing supports at an hourly rate based on the number of hours an individual works (similar to Connecticut).

**Additional Funding System Recommendations.** The SELN has additional recommendations that we believe Iowa should consider.

- **Focus on the long-term sustainability of the funding system.** One strategy to improve the long-term sustainability of the funding system is to develop specific funding guidelines in cooperation with the Iowa Vocational Rehabilitation Services (IVRS) to ensure that the job development process for most individuals is paid for by IVRS, and that DHS dollars are the funder of last resort for job development services. An additional step that is recommended to support this strategy is for DHS and IVRS to implement complementary funding rates for job development services so that providers are adequately compensated under both systems to meet the needs of individuals with I/DD. This change may include the development of funding tiers based on the individual's level of need or a fee-for-service payment structure.

- **Ensure that the funding system does not impede the employment process.** When individuals are engaged in the earlier stages of the employment process it is important that they do not experience a lag in services between identification of an employment goal, the referral to IVRS services from and opening or denial of an IVRS case. One strategy to ensure this does not occur is to write the DHS funding guidelines so that DHS dollars can be used to support job development services during the period before an IVRS decision is implemented.

- **Align the Medicaid Waiver and County/Regional Funding Systems.** One of the complaints expressed by employment providers in Iowa is that there is no uniformity in various funding systems. While it is understandable that counties/regions will wish to continue to have authority over the services available to their residents who are not eligible for Medicaid waiver services, it is advised that acceptable funding ranges for services be agreed upon statewide and that the information in this document be shared at the county/region level.

- **Require individuals providing integrated employment services to complete a certification process.** To make sure that staff providing integrated employment services have the necessary skills to implement high quality services it is recommended that DHS develop and implement certification and ongoing training requirements for provider staff. These requirements will ensure that providers have the expertise to effectively deliver the billable activities.
Concluding Comments

The recommendations provided by the SELN in this document are based on the identification of best practices in funding approaches and the ways in which different funding approaches can undermine state efforts to increase integrated employment outcomes. This document does not take the typical approach of revising funding based upon historical costs and is not a traditional cost study. The approach presented is based in the real world costs of providing high quality integrated employment services; for this reason SELN staff believes that it is an approach that meets the specific funding barriers faced by the Iowa employment service system to deliver --and for Iowans with disabilities to receive-- high quality integrated employment services.

Lastly, we recommend that DHS take a comprehensive approach to revising its funding of the full array of day and employment services, including separating funding for transportation from funding for services. Past experience has found that making fragmented changes to one or two service rates is not sufficient to address the underlying funding issues faced by providers and service recipients. Revising the entire funding system will help ensure that individuals receive services that support a whole life individualized community centered approach.