Background

Medicaid is the single largest source of health care financing for low-income people with disabilities, a population that increasingly receives long-term services and supports (LTSS) in community-based settings instead of in institutions. Growth in the funding of community-based services and the evolution of federal policies and initiatives that emphasize community integration and employment for individuals with disabilities have been driving forces behind many states’ efforts to transform their service systems to make integrated employment the preferred service outcome for individuals with IDDs.

The landmark Americans with Disabilities Act (ADA), passed by Congress in 1990, provided individuals with disabilities civil rights protections and required public entities to administer services “in the most integrated setting appropriate to the needs of qualified individuals with disabilities,” which are those that provide such individuals opportunities to live, work, and receive services in mainstream society (U.S. Department of Justice [DOJ] 2011). The 1999 U.S. Supreme Court ruling in Olmstead v. L.C. emphasizes integrated employment as the preferred outcome for individuals with severe disabilities; it prohibits the unnecessary institutionalization of individuals with disabilities because doing so

---

In 2009, on the 10th anniversary of the Olmstead decision, President Barack Obama launched “The Year of Community Living” initiative and directed federal agencies to enforce the civil rights of Americans with disabilities (DOJ 2011). The Department of Justice (DOJ) has since prioritized enforcing the Olmstead decision to ensure the integration mandate in the ADA is upheld, states have eliminated unnecessary segregation of people with disabilities, and such individuals receive services in the most integrated setting appropriate to their needs (DOJ 2011). In response to the Olmstead ruling, many states have expanded the capacity of their community-based service systems, have established Olmstead plans, and have begun to examine the role of sheltered workshops, which often employ people with IDDs at subminimum wages in segregated settings. Several states have also either closed or plan to close intermediate care facilities for people with intellectual disabilities so these individuals have more opportunities to participate fully in community life.

Not only does the Olmstead decision emphasize that individuals have the right to live and receive services in the most integrated setting, it also specifies employment as one of the fundamental rights of people with disabilities. Working is an important dimension of adult life and the social interaction that comes with employment can help individuals with disabilities establish social networks and successfully integrate into community living. The Centers for Medicare and Medicaid Services (CMS), the agency that administers the federally-funded Medicaid program, has increasingly encouraged employment because working, particularly when it is meaningful work at a competitive wage, can increase individuals’ financial independence and well-being, and help ensure successful integration into the community. According to a recent informational bulletin from CMS, all individuals, regardless of disability and age, can work with the right combination of training and supports that build on each person’s strengths and interests (U.S. Department of Health and Human Services [DHHS] 2011).

In recent years, federal policy has emphasized employment for people with disabilities. The Ticket to Work and Work Incentives Improvement Act (the Ticket Act) and the Balanced Budget Act of 1997 established the Medicaid Buy-In program, which gives states the option of expanding Medicaid eligibility to workers with disabilities whose income would make them ineligible for traditional Medicaid. The Ticket Act also established the Medicaid Infrastructure Grant (MIG) program, which helped 49 states, the District of Columbia, and the U.S. Virgin Islands to strengthen their Medicaid service system infrastructure to support working adults with disabilities.

Medicaid Home and Community-Based Service (HCBS) waivers also provide states with opportunities to offer services to help individuals with disabilities prepare for and sustain employment. In fact, under its HCBS waiver program, Medicaid is the largest federal funder of day and employment services and supports for individuals with disabilities seeking to return to the workforce (Butterworth et al. 2013). Medicaid covers personal assistant services and day habilitation services, which may

---

2 According to the Department of Justice, “an Olmstead plan is a public entity’s plan for implementing its obligation to provide individuals with disabilities opportunities to live, work, and be served in integrated settings.” The plan must reflect an analysis of the extent to which the public entity is providing services in the most integrated setting and must contain concrete commitments to expand integrated opportunities (DOJ 2011).


4 From 2001 to 2011, over $450 million in MIG funding was awarded to 49 states plus the District of Columbia and the U.S. Virgin Islands (Andrews 2013). Many states also received no-cost extensions to continue MIG activities into 2012, and for a small number of states, into 2013. All states selected for inclusion in this research were awarded MIG grant funds.
include prevocational services, individual and small group supported employment, and career planning services, provided the service is not otherwise available through a program funded under section 110 of the Rehabilitation Act of 1973 or, in the case of youth, under provisions of the Individuals with Disabilities Education Act. Medicaid also covers assistive technology, environmental modifications, and nonmedical transportation that can assist people with completing job duties and traveling to and from work in the community.

In addition to these federal policies and services, other driving forces have helped to transform how employment services are delivered to individuals with disabilities. The concept of Employment First has spread to support the full inclusion of people with the most significant disabilities in the workplace and community. Under this principle, integrated employment in a community-based work setting is the first option for providing employment services to youth and adults with significant disabilities (U.S. Office of Disability Employment Policy [ODEP] 2013). At least 34 states have some form of Employment First initiative underway, and several of these states have passed legislation containing an Employment First policy directive, making integrated employment a priority goal for individuals with IDDs (Butterworth et al. 2013; Hoff 2013).

Despite federal policies and initiatives that emphasize employment for people with severe disabilities, employment rates are consistently low, especially among individuals with IDDs. Approximately 19.9 million working-age people in the United States live with a disability, yet only 33 percent are employed, compared with 73 percent of those with no disability (Houtenville and Ruiz 2012). This issue brief discusses barriers that have hindered states’ progress toward expanding integrated employment, strategies developmental disabilities (DD) agencies are implementing to increase integrated employment among individuals with IDDs, and lessons learned that can help other states advance their efforts in this area.

Overview of State Employment Services Systems

State employment service systems differ in service design and capacity, systems of funding, and their history of setting and working toward policies that promote integrated employment. Employment supports are funded by several federal and state sources and generally delivered in two phases. State vocational rehabilitation (VR) agencies provide core time-limited services and supports designed to help eligible individuals with disabilities find and gain employment. Long-term employment services and supports for individuals with IDDs are provided primarily by DD agencies with state or local dollars or through Medicaid waiver programs (Cohen et al. 2010). Some states, such as Washington, have a long history of developing alternative approaches to providing employment supports, whereas others have only recently begun to institute reforms in their employment service systems. This section and Table 1 provide an overview of the employment service system for each state included in this brief.

District of Columbia

In 2012, the District of Columbia’s Department of Disability Services (DDS), which administers waiver services provided to individuals with IDDs (Table 1), established the State Office of Disability Administration (SODA) to lead its Employment First efforts, which started with their MIG grant activities in 2010. DDS established a public-private Employment First Leadership Team and an Employment First Community of Practice to build on past training in customized employment. It also provides technical assistance to day and employment programs to guide them in redesigning their programs to provide employment and integrated day activities to the individuals served. The District’s Employment First policy, established in 2012, exclusively supports integrated employment. The DDS has stopped funding sheltered workshops more than 10 years ago and is actively working to dismantle all segregated facility-based day program settings.
## Table 1. State Employment Service System Characteristics

<table>
<thead>
<tr>
<th>State</th>
<th>Agency Administration</th>
<th>Service Delivery Structure</th>
<th>Employment and Day Services Offered Through DD Waiver</th>
</tr>
</thead>
</table>
| DC    | The District of Columbia’s Department of Disability Services (DDS) is composed of the Developmental Disabilities Administration (DDA) and the Rehabilitation Service Administration (RSA). | • DDA administers waiver services provided to individuals with IDDs who choose from enrolled private community providers to supply employment and support services.  
• DDA services are available to individuals with IDDs who are Medicaid eligible in the District, meet the level of care criteria, and are at least 18 years of age.  
• RSA offers a broad array of VR services, including job counseling, development, placement, and retention. | Day Services  
• Day habilitation  
• Employment readiness  
• Individualized day supports  
Employment Services  
• Small-group supported employment  
• Supported employment |
| IN    | Indiana’s Division of Disability and Rehabilitative Services (DDRS) includes the Bureau of Developmental Disability Services (BDDS) and the Bureau of Rehabilitation Services (BRS). | • BDDS provides an array of waiver services based on a person-centered approach to support individuals of all ages with disabilities.  
• BRS houses the state VR program through which most supported employment services are provided to eligible individuals preparing for or seeking employment.  
• Employment services are provided through a network of contracted rehabilitation facilities and community mental health centers.  
• Services are coordinated through one of the eight local BDDS offices, all of which are co-located within the VR area offices. | Day Services  
• Adult day services  
• Prevocational services  
• Facility habilitation training (sheltered workshops)  
Employment Services  
• Supported employment  
• Workplace assistance  
• Supported Employment Follow Along (SEFA) services |
| KY    | Kentucky’s Division of Developmental and Intellectual Disabilities (DDID) has two branches, the Supports for Community Living (SCL) Waiver Branch and the Community Support Branch. | • The SCL Waiver Branch administers Kentucky’s SCL waiver program through a contract with the Department for Medicaid Services.  
• The Community Support Branch provides staff support, technical assistance, and monitoring of the state’s 14 regional boards for Mental Health and Intellectual Disabilities (Regional MHID Boards).  
• Regional MHID boards are private, nonprofit organizations that serve residents of a designated multicounty region. These boards are also certified through Medicaid to provide Medicaid waiver services.  
• State general funds are allotted to regions based on population size and are unrestricted, allowing regions to decide how much of the funds to allot to supported employment. | Day Services  
• Adult day training, which emphasizes career development  
Employment Services  
• Supported employment, which includes person-centered job selection, job development and analysis, job acquisition and stabilization, and long-term employment supports |
| MN    | Minnesota’s Disability Services Division (DSD) is part of the Minnesota Department of Human Services Continuing Care Administration (CCA). | • DSD oversees several HCBS waivers, including the Developmental Disability waiver, which serves children and adults with IDDs.  
• DSD provides oversight and technical assistance to counties that are responsible for administering employment and day services.  
• Counties are responsible for eligibility determinations, assessment of need, enrollment and case management, and contracting with providers.  
• Provider rates are currently set at the county level, though a federal compliance initiative will standardize rates and provider qualifications statewide beginning in January 2014. | Day Services  
• Day training and habilitation  
Employment Services  
• Supported employment |
<table>
<thead>
<tr>
<th>State</th>
<th>Agency Administration</th>
<th>Service Delivery Structure</th>
<th>Employment and Day Services Offered Through DD Waiver</th>
</tr>
</thead>
</table>
| WA    | Washington’s Developmental Disabilities Administration (DDA) is housed within the Washington State Department of Social and Health Services. | • DDA partners with the state’s 39 counties for the provision of employment and day services.  
• The state develops policy guidelines and provider qualifications to counties in the form of county guidelines.  
• Counties partner locally with employment and day service providers. Of Washington’s 39 counties, 7 deliver employment and day services directly.  
• Funding allocations paid to counties are based on an individual’s employment acuity as determined by an assessment, work history, and county classification to account for geographical and demographic differences among counties.  
• Counties also receive infrastructure money from the state and have millage funds that can be directed toward initiatives that benefit individuals with developmental disabilities or mental health needs. | Day Services  
• Community access  
Employment Services  
• Individual supported employment  
• Group supported employment  
• Prevocational services (sheltered workshop)  
• Individualized technical assistance |

Source: Based on Mathematica analysis of state-specific information obtained from state officials, state waiver materials, and state websites.

* Day habilitation services include facility-based non-work services.

DD = developmental disabilities; HCBS = home and community-based services; IDDs = individuals with intellectual or developmental disabilities; Regional MHID Boards = Regional Boards for Mental Health or Individuals with Intellectual Disabilities; SEFA = Supported Employment Follow Along; VR = vocational rehabilitation.

**Indiana**

Indiana has a history of strong grassroots efforts to establish Employment First initiatives. Supported by the MIG, in 2008 the Division of Disability and Rehabilitative Services (DDRS) began a systematic review of Indiana’s community-based service system to support individuals with disabilities. After completing the review, the state formulated a strategic plan to improve the employment service system for individuals with disabilities and guide state efforts toward integrated employment (DDRS n.d.). In 2011, Indiana launched an Employment First initiative that implemented a pilot demonstration to identify needs within the service and support infrastructure. Between 2011 and 2012, the demonstration was implemented in five pilot sites. Outcomes from the pilot demonstration included (1) streamlining the referral process to VR, (2) developing an enhanced stabilization process that ensures VR service recipients had achieved job stability prior to VR closure and transfer to ongoing supports, and (3) development and implementation of training modules for case managers to better understand the supports available to increase integrated employment. Collaboration among local partners was emphasized to improve employment outcomes.

**Kentucky**

Since 1999, Kentucky has participated in the National Core Indicators (NCI) project to identify service needs for individuals with IDDs who are served through their Supports for Community Living (SCL) waiver. In 2010, the state established an NCI quality improvement committee to analyze measures of system performance in the DD service system and develop recommendations to improve employment, health, and quality-of-life outcomes for individuals served in the SCL waiver (National Association of State Directors of Developmental Disability Services, Inc. 2011). The state noted that insufficient reimbursement has been a barrier to growth in supported employment. To improve employment outcomes, the state increased reimbursement rates for supported employment in its SCL waiver by nearly 100 percent while decreasing the reimbursement rate for day activity services by 11 percent. These rates will be phased in throughout 2014. Kentucky also has an Employment First
Consortium which is working to introduce legislation to promote integrated employment as the mandatory service outcome for participants seeking employment.

Minnesota

Minnesota was awarded a MIG in 1999, through which it launched its Pathways to Employment (PTE) initiative. The PTE initiative sought to promote broad systems change to support individuals with disabilities in obtaining competitive employment. Under PTE, Minnesota developed several initiatives, including the Disability Benefits 101 online tool to educate providers and job seekers about the interactions between working and benefits. The Disability Linkage Line, a statewide information and assistance network and call center, was also established to help individuals access services and supports that help people with disabilities remain independent. Since the MIG ended, the state has launched a Reform 2020 initiative to implement broad reforms in the Medicaid service system to “ensure that people receive the right services, at the right time, in the right way” (Minnesota Department of Human Services [MDHS] 2012). One initiative, known as Empower and Encourage Independence through Employment, will provide employment supports to people who are at critical transition phases of life to increase competitive employment, income, and independence (MDHS 2012).

Washington

Washington’s focus on integrated employment for individuals with IDD dates to the late 1970s with the introduction of PASS (Program Analysis of Social Services) workshops and the subsequent creation of county guidelines. PASS workshops introduced a value-based way to evaluate community services and gave participants a common understanding of what community life could be like for individuals with DDs (Washington Initiative for Supported Employment n.d.). In 2006, Washington fully implemented its Working Age Adult policy, the first Employment First initiative launched in the nation, which established employment supports as the first use of employment and day program funds for working-age adults with DDs, classified as individuals 21 through 61 years of age.

Challenges that Hinder Efforts to Achieve Employment Goals

States reported that they face enormous challenges in shifting their employment service systems toward integrated employment. Challenges include structural funding disincentives that discourage community rehabilitation providers from delivering supported employment services and misconceptions among the general public who might view individuals with disabilities as being unable to successfully work in competitive employment. Officials identified key challenges that have hindered their efforts towards achieving employment goals in their states.

Payment Structures Do Not Incentivize Integrated Employment

Officials from all five states reported that the fee-for-service (FFS) payment mechanism in Medicaid HCBS waivers do not incentivize employment. Unlike VR that has an outcome-based funding system focused on achieving a rehabilitation outcome, most waiver services are reimbursed on a FFS basis (O’Brien and Revell 2005). Under a FFS methodology, reimbursement rates are based on provision of services instead of generating outcomes, such as placing individuals in integrated employment settings. State officials reported that building financial incentives for outcomes into waiver payment systems can encourage providers to achieve improved employment outcomes. Minnesota attempted to restructure its reimbursement rate for employment services to be outcome-based. Instead, an incremental approach was taken. The legislature approved a new rate structure based on units of service, and it also approved a pay for performance incentive that will increase a provider’s rate based on achieving certain outcomes. Employment will be one outcome targeted for the pay for performance incentive that will begin in 2015.
Individuals with disabilities often need a comprehensive set of employment services and supports to help them prepare for, gain, and sustain competitive employment. Officials in Kentucky reported that reimbursement rates for supported employment are very low and do not adequately cover the costs of providing supported employment services to individuals with IDDs. When supported employment services are underfunded, providers might be reluctant to expand the service if they are operating at a loss, which could lead to inadequate service capacity (Revell et al. 1998).

Provider Incentives Are Misaligned Across Funding Authorities

Individuals with disabilities often receive services through more than one service system when working toward achieving their employment goals. For example, an individual might receive prevocational supports through a waiver to develop job skills, then transfer to VR for time-limited job development and placement services, and then transfer back to a waiver for extended employment supports. Differences between VR and waiver payment systems can create conflicting provider incentives that complicate provision of employment services (O’Brien and Revell 2005). One state official in Indiana explained that the outcome-based nature of VR rates encourages providers to help service recipients achieve job stabilization, whereas waiver rates encourage providers to demonstrate that consumers require high needs for waiver supports and services after gaining employment. In examining this issue, VR officials noted that some providers might have closed individuals (that is, determined them to be successfully employed for at least 90 days) too early. To help address this, Indiana VR officials implemented a more stringent definition of job stabilization. VR also provides waiver staff with better information about the support needs of individuals who are transitioning onto a waiver after receiving VR services.

The Economic Downturn Has Limited Employment Opportunities for Individuals with Disabilities

State officials in the District of Columbia, Minnesota, and Washington reported that the economic downturn of the past few years has made it harder for individuals with IDDs to gain employment due to increased competition for available jobs, particularly in rural areas. A state official in Minnesota reported that in some parts of the state, more people are in group or facility-based employment because it is hard for individuals with IDDs to find new jobs in the workforce. The recent recession negatively affected many Americans, particularly those with disabilities. From July 2008 to December 2010, workers with disabilities left the labor force during the great recession at a rate five times faster than workers without disabilities (Bureau of Labor Statistics 2012).

Perception that Prevocational Services Are Not Time-Limited

According to CMS guidance, prevocational services provide learning and work experiences in which an “individual can develop general, non-job-task-specific strengths and skills that contribute to employability in paid employment in integrated community settings” (DHHS 2011). Officials in two states reported that prevocational services offered through HCBS waivers are not time-limited and individuals with IDDs do not always progress to employment. Although CMS policy guidance on employment-related services stipulates that “services are expected to occur over a defined period of time and with specific outcomes to be achieved …” it is up to the state’s discretion to define how long prevocational services are made available to individuals (DHHS 2011). Some respondents reported that it would be beneficial if CMS defined the time limit on prevocational services to ensure individuals with IDDs progress toward an employment goal during a defined period of time.
**Misconception About Individuals’ Ability to Work**

Some members of the general public, including public officials, providers, and family members, view individuals with IDDs as being “too disabled” to work. Officials in Indiana cited this misconception as an obstacle when attempting to gain approval of budget funds for supported employment services. Family members of youth with IDDs might also have low future work expectations for their sons or daughters with an IDD. Local officials in the District of Columbia emphasized the importance of educating families and youth with IDDs early to dispel fears and reduce barriers to employment after high school. Officials in the District of Columbia, Indiana, and Washington partner with parent groups and other advocacy organizations to inform them of the benefits of employment and the family’s role in supporting youth to attain integrated employment after exiting high school. Transition age youth is a focus of Minnesota’s Disability Benefits 101, which is a benefits and work-planning website for people with disabilities, their families, and caregivers.

**Fear that Employment Will Result in Loss of Federal Benefits**

Individuals with disabilities might fear they will lose their Medicaid and/or federal disability benefits if they return to work. Officials in Kentucky cited fear of jeopardizing their benefits as the biggest barrier to individuals with IDDs pursuing an employment goal. To overcome this barrier, the employment coordinator became a certified work incentive counselor to train state staff about the impacts of working on federal health and disability benefits. To date, Kentucky has trained more than 900 staff on work and benefits counseling. Officials in Minnesota and Kentucky also provide ongoing trainings to case managers and state staff so they can provide benefits counseling. The District of Columbia does not have a Medicaid Buy-In program and officials reported that this has dissuaded many Medicaid enrollees from earning high wages because they fear losing their Medicaid and federal disability benefits.

**Minimum Wage Certificates Allow Employers to Pay Subminimum Wages**

Although facility-based employment, also known as sheltered workshops, may benefit some individuals with severe disabilities, the work is performed in segregated settings for people with disabilities, and workers are paid subminimum wages. Under Section 14(c) of the Fair Labor Standards Act, employers can apply to the U.S. Department of Labor to obtain a minimum wage certificate that allows them to pay people with disabilities below minimum wage, at a rate that represents the disabled worker’s production level compared with a worker without a disability (Harkin 2012). One concern with work that is performed in the facility-based setting is that it is not meaningful and does not result in the worker developing a vocational skill. Officials in Washington and Kentucky cited 14(c) certificates as being a barrier to integrated employment because they deny individuals the opportunity to earn a living wage and they defy the central premise of Employment First.

**Strategies to Increase Integrated Employment**

Each state has implemented different strategies to address existing barriers and work toward its goal of making integrated employment the preferred outcome for individuals with IDDs. Key strategies are presented in Table 2 and summarized next.

**Funding, Service Delivery, and Policy Mechanisms Aimed at Promoting Integrated Employment**

The design of payment systems and employment policies and the incentives built into them have a direct impact on employment outcomes (O’Brien and Revell 2005). States have taken different approaches to modifying their payment systems to incentivize integrated employment. In the District of Columbia, employment services are paid at a higher rate than facility-based services. The District’s reimbursement rate for supported employment also
takes into account indirect time spent on employment objectives, such as job development, in addition to time spent providing direct services to an individual. Kentucky plans to implement changes in its SCL waiver in January 2014 that will nearly double the rate for supported employment services in order to incentivize providers and expand supported employment service capacity. Minnesota recently gained legislative approval to unbundle its waiver rates, allowing for rate variations to capture differences in the nature of services. Washington revised its waiver payment structure in 2012 to tie funding allocations for employment supports to individuals’ support needs. The state implemented a statewide rate system that sets the number of funded support hours to correspond to each individual’s employment acuity level and support needs, as determined by an assessment and the individual’s work history. In addition, counties have discretionary millage funds\(^5\) that can be used to fund special innovative projects to benefit people with IDDs and those with mental health needs.

---

\(^5\) Millage funds are a portion of local property taxes meant to provide services for individuals with DDs and mental health needs.

### Table 2. Initiatives to Promote Integrated Employment, by State

<table>
<thead>
<tr>
<th><strong>District of Columbia</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data collection.</strong> Creating data collection tools that will enable the District to collect individual-level data on employment outcomes. The DDA plans to use these data to produce annual reports, add to provider report cards, and provide technical assistance to day programs and employment agencies. The tools will be fully implemented during fiscal year 2014.</td>
</tr>
<tr>
<td><strong>Employment First Community of Practice.</strong> Beginning in 2010, the District delivered customized employment training and, in 2011, created an Employment First Community of Practice to broaden the reach of customized employment with providers, the people trained as trainers, DD and VR agency staff, and service coordinators, to continue to build capacity regarding person-centered planning and customized employment.</td>
</tr>
<tr>
<td><strong>Project SEARCH.</strong> Implemented Project SEARCH in 2009 to provide training and work experiences to high school students with disabilities to prepare them for integrated employment. The District expanded the project in 2011.</td>
</tr>
<tr>
<td><strong>SODA.</strong> Created a State Office of Disability Administration (SODA) in 2012, whose main function is to work on program and partnership development, systems change efforts, and policy development for both DDA and RSA.</td>
</tr>
<tr>
<td><strong>Secondary Transition Community of Practice.</strong> Since 2010, worked closely with the State education agency, and DC public, charter and nonpublic schools to pilot and expand employment initiatives for District youth.</td>
</tr>
<tr>
<td><strong>Transition toolkit.</strong> Developed toolkit targeted at transition-age youth to educate them about the benefits of work.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Indiana</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employment First demonstration project.</strong> Implemented pilot demonstrations from 2011 to 2012 in five areas to move individuals with IDDs from segregated settings to integrated employment. The goals of the demonstration were to evaluate a redistribution of resources within DDRS and identify areas to improve upon removal of barriers to employment for individuals with disabilities.</td>
</tr>
<tr>
<td><strong>INTERN.</strong> Implemented Indiana Training and Employment Results Network in 2012 to provide employment opportunities to people with disabilities (referred by VR or a provider) within state government and selected large employers.</td>
</tr>
<tr>
<td><strong>Project SEARCH.</strong> Implemented Project SEARCH in 2008 to provide transition-age youth and young adults with work experiences in preparation for competitive employment.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Kentucky</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increased waiver payment rate.</strong> Increased supported employment rate in SCL waiver by nearly 100 percent and decreased day activity services rate by 11 percent. These rate changes will be phased in throughout 2014 based upon the participant’s month of birth.</td>
</tr>
<tr>
<td><strong>Supported Employment 101.</strong> Beginning in 2014, requiring executive directors of provider agencies to attend supported employment training so they fully understand how to provide services to individuals with IDDs.</td>
</tr>
<tr>
<td><strong>Web-based reporting system.</strong> Deploying data system in 2014 to collect data on employment outcomes.</td>
</tr>
<tr>
<td><strong>Quality initiative.</strong> Implementing a quality indicator initiative through which all services, including supported employment services, received by each service recipient from a given provider will be rated on a 4 point scale. An aggregate “point average” will then be computed for each provider and made publicly available. The quality initiative will be field tested throughout 2014 with full mandatory implementation scheduled for January 2015.</td>
</tr>
</tbody>
</table>
### Minnesota

- **Disability Benefits 101 (DB101).** Launched a comprehensive benefits and work-planning website in 2010 for people younger than 65 with disabilities, their families, and caregivers. DB101 offers facts on benefit and work incentive programs, links to resources, live chat, and online tutorials.

- **Disability linkage line.** Established a free, statewide information, referral, and assistance service in 2005 to help people with disabilities and chronic illnesses, and their representatives, connect to community services.

- **MnCHOICES.** Deployed a new web-based application that integrates assessment and support planning for individuals needing LTSS. The application will be implemented state-wide in June 2014.

- **Project SEARCH.** Project SEARCH is a partnership of local businesses, schools, and community services that provides training and education leading to integrated employment to high school students with disabilities. Minnesota’s first Project SEARCH site was established in 2009.

- **Quality indicators.** Developing public report cards for providers that compare their performance with a set of quality metrics developed by the state. The quality indicators will be used to provide rate increases to providers that meet the state-defined quality level. These initiatives will be launched in 2015.

- **Transition toolkit.** Developed a toolkit in 2012 targeted at transition-age youth to educate them about the benefits of work.

- **Olmstead Plan.** Minnesota’s November 2013 Olmstead Plan includes a goal for employment and strategies that state agencies will engage in to increase competitive employment and earnings for people with disabilities. Strategies include revising waiver service definitions and standards and adoption of an Employment First policy directive.

### Washington

- **Annual Ellensburg employment conferences.** Convenes an annual conference for provider staff and state and county administrators that provides a venue for sharing information and facilitating collaboration. The Ellensburg conferences have occurred annually since 1977.

- **Building Careers and Community (BCC).** Three year project from January 2008 to December 2010 that engaged local community members, local government, and businesses to more naturally support individuals with DDs to obtain desired jobs and be involved in their communities. Findings from the project were used to develop a self assessment tool, the “BCC Seven Essential Elements Guidelines.” The tool is intended to be used by planners, individuals, families, and groups and includes quality indicators associated with successful outcomes.

- **Highline Community College Employment Professional Certificate Program.** Established a training program for employment professionals to strengthen capacity to support individuals with IDDs. The certificate program was implemented in 2006.

- **iPad learning cohorts.** Launched an initiative in several counties to equip exiting students with IDDs with iPads and applications used during the school day and at home. Students use the devices to travel, participate in work experiences, prepare for job interviews, create schedules and checklists, study, communicate, and more. Participating counties include Clark, Island, Kitsap, Pierce, Skagit, Spokane, and Whatcom counties.

- **Project SEARCH.** Establishes partnership of local businesses, schools, and community services that provides training and education to youth with disabilities leading to integrated employment.

- **Roads to Community Living Employment Initiative.** Implemented project that looks at service systems change to identify what is needed to help individuals with IDDs get jobs as they transition from residential habilitation centers to community settings. The initiative began in 2011 and will continue through 2014.

- **Working-Age Adult policy.** Established policy in 2004 through which providing employment supports is the first use of employment and day program funds for working-age adults.

Source: Based on Mathematica analysis of state-specific information obtained from state officials, state waiver materials, and state websites.

DD = developmental disability; DDA = Developmental Disabilities Administration; DDAR = Division of Disability and Rehabilitative Services; IDD = intellectual and developmental disability; LTSS = long-term services and supports; RSA = Rehabilitation Services Administration; SCL = Supports for Community Living; VR = vocational rehabilitation.

Three states reported implementing service system innovations to promote integrated employment. In the District of Columbia and Indiana, most VR providers are also waiver providers, which facilitates continuity between short-term services received through VR and long-term services received through a waiver program. The District has taken several steps to restructure its waiver service system, including: (1) restructuring prevocational services offered through its DD waiver to focus on employment readiness; (2) adding individualized day services, which provide community-based skill building and job exploration, to waivers; and, (3) limiting how long a provider is authorized to provide services, such as employment readiness, job searching, and job placement, that are intended to lead to a job.
Kentucky added a new service, Community Access, to its SCL waiver which provides support to waiver participants to become involved in clubs and organizations, in an effort to reduce their reliance on formal supports and rely more on natural supports such as neighbors and friends (Kentucky Cabinet for Health and Family Services n.d.). They also increased payment rates for supported employment services to expand provider capacity. Indiana has implemented the Indiana Training and Employment Results Network, which provides employment opportunities to people with disabilities within state government and selected large companies.

Also, all five states have instituted policy changes designed to promote integrated employment. In the District of Columbia and Indiana, every individual enrolled in a waiver program is expected to set and work toward an employment goal. In Washington, the Working Age Adult policy, passed by the legislature in 2004 and fully implemented in 2006, requires employment supports to be the first use of employment and day program funds for working-age adults (Washington DSHS 2013). These policies encourage and even require waiver participants to explore employment. In its revised SCL waiver, Kentucky requires everyone who is working in the community to have an updated long-term employment support plan, which will help to determine the amount of long-term employment supports they receive through the waiver. Minnesota is in the early stages of implementing its Olmstead Plan to increase competitive employment and earnings for people with disabilities. All respondents noted that leadership support is critically important when implementing systemic changes in payment methodologies, policies, and service systems.

Delivering Trainings to Foster Shared Expectations and Goals Among Frontline Workers and Providers

The District of Columbia, Kentucky, and Washington have developed training programs for providers and direct service workers to ensure consistency in the understanding of state employment goals. The District of Columbia delivered Employment First trainings, largely focused on customized employment, to providers and DD agency staff, and established a Community of Practice to continue to support trainers and people implementing customized employment, to build capacity regarding person-centered services and customized employment. Focusing its training efforts on employment providers, Kentucky requires executive directors of employment provider organizations to attend supported employment 101 trainings to ensure that supported employment is implemented as intended. Kentucky also provides technical assistance to sheltered workshops to help them convert their programs to supported employment. In Washington, community college partners provide training and certification programs for employment professionals who provide employment supports to individuals with IDDs. The programs, such as the Highline Community College Employment Professional Certificate Program, aim to build workforce capacity in supported employment and increase the competence of providers.

Supporting Transition-Age Youth in Gaining Employment

Young adults with severe disabilities often exit high school without the work experience and skills that lead to meaningful employment. Research has shown that paid work experiences during high school are associated with improved post-school employment outcomes during the first two years after students exit high school (Carter et al. 2012). School systems and families also play an important role in helping students with disabilities to understand the range of available educational and employment options and prepare them for obtaining integrated employment. Officials in four states described employment initiatives targeted at transition-age youth. The District of Columbia, Indiana, Minnesota, and Washington have implemented Project SEARCH to provide transition-age youth with training and work experiences to support them in obtaining integrated employment. Indiana also prioritizes high school youth in the waiting list for waiver services, enabling them to transition directly
to supported employment services without experiencing a break after exiting VR. In Washington, several counties implemented iPad learning initiatives to support integrated employment. In Clark County, youth with IDDs who are exiting high school are loaned iPads to use when participating in work experiences, preparing for job interviews, marketing themselves to employers, and socializing. 6 Minnesota also supports transition-age youth through use of a Transition Toolkit, created in collaboration with the state’s Department of Education and VR unit. The toolkit provides information to school-age individuals with IDDs and their families about the benefits of work.

Establishing Inter-/Intra-Agency Partnerships

State officials in all five states stressed the importance of building strong partnerships with stakeholders to advance system transformation efforts. Stakeholders include vocational rehabilitation, DD councils, departments of education, chambers of commerce, Workforce Investment Boards (WIBs), individuals with IDDs and family members, and university partners. The District of Columbia, Indiana, and Kentucky stressed the importance of building strong partnerships to advance integrated employment goals. The District of Columbia’s status as an Employment First state has facilitated public/private partnerships, including their expansion of Project SEARCH. In Indiana, the Bureau of Developmental Disabilities Services waiver staff is co-located within the VR offices, which allows for increased inter-agency communication and collaboration. Kentucky also has a strong partnership with VR, the state DD Council, and university partners with which it works on employment initiatives. And, Minnesota has established inter-agency agreements to implement its Olmstead plan and Project SEARCH.


Lessons Learned to Promote Integrated Employment

The five states with which Mathematica met are in varying stages of transforming their employment service systems to support people with IDDs in securing competitive, integrated employment in the community. These states offered four important lessons that can help other states shape their policies and redesign their service systems to achieve this goal.

1. **Leadership support is critically important** to ensure that integrated employment is highly prioritized and resources are dedicated toward initiatives that lead to this outcome. In order to achieve sustained progress, all stakeholders—particularly state leadership—must raise expectations for employment and embed these expectations in policies, contractual agreements, and reimbursement rates so they are upheld. State and federal policymakers must also make integrated employment a guiding focus of their policy agenda.

2. **States must evaluate their service delivery systems**, including the waiver service plans and payment methodologies, to identify and remove disincentives that hinder people with IDDs from becoming competitively employed. One state official reported that, in the past, the state simplified an employment policy which had an unintended negative effect because it removed a criterion that had incentivized integrated employment. Another state official reported that waiver service recipients are assigned a day service budget, yet many individuals with IDDs do not take advantage of supported employment services because such services can comprise a large portion of the budget due to the high reimbursement rate. Consequently, individuals limit their work because they have to choose between supported employment and other critical services.
3. All officials emphasized the importance of establishing strong partnerships with stakeholders, such as VR, early to coordinate efforts around common goals and to maximize the benefits that agencies can provide for people with IDDs. Inter/intra-agency collaboration can improve service delivery and also create synergies that propel a state’s system transformation efforts forward.

4. Finally, all officials we spoke with acknowledged the importance of collecting and using data on employment outcomes to evaluate their efforts toward integrated employment, incentivize providers to improve service delivery, and inform stakeholders about their progress to keep them informed and engaged. The District of Columbia, Kentucky, and Minnesota are in the process of deploying new data systems to collect and disseminate better information about employment outcomes.

These lessons, drawn from the experiences of five states, highlight factors that can lead to improved employment outcomes for individuals with IDDs. This analysis has shown that although states encounter many challenges in their system transformation efforts, they are making strides to change their service systems, policies, and reimbursement structures to support individuals with IDDs in gaining meaningful work that enables them to earn a living wage in the community. To achieve the goal of making integrated employment the preferred service outcome for individuals with significant disabilities, it is important for state and federal policymakers to institute policies and reforms that prioritize integrated employment and ensure this priority is the guiding focus of their policy agenda.

This technical assistance brief was prepared by Noelle Denny-Brown, Leah Guanga, and Daniella Sehgal, Mathematica Policy Research, under contract with CMS (HHSM-500-2010-00026I/HHS-500-T0009).
Money Follows the Person (MFP) Demonstration Grant Program. The MFP demonstration, first established by Congress through the 2005 Deficit Reduction Act, provides state Medicaid programs the opportunity to help transition Medicaid enrollees living in long-term care (LTC) institutions into the community and to help states rebalance their LTC systems toward community-based care. As of 2013, 45 states have received MFP grants. Several MFP grantee states have opted to use federal grant dollars to hire employment specialists to assist individuals with identifying employment goals and finding and maintaining competitive work. Others have opted to use MFP grant funds to finance or expand vocational services. More information is available at http://www.dol.gov/odep/media/newsroom/employmentfirststates.htm.

HCBS and Self-Direction Technical Assistance (TA) Contract. CMS offers TA to assist state agencies pursuing 1915(c), 1915(i), and 1915(j) HCBS waivers and state plan amendments. The TA is designed to help states determine which authority will best meet their needs and design their programs accordingly. CMS has contracted with New Editions Consulting, Inc. to provide TA to states at all stages of program development and implementation. More information is available at http://www.hcbstt.org.

Technical Assistance and Training Resources

Balancing Incentive Program. The Balancing Incentive Program authorizes grants to states to increase access to non-institutional LTSS. Its purpose is to help states transform their LTC systems by lowering costs through improved system performance and efficiency, creating tools to help service recipients with care planning and assessment, and improving quality measurement and oversight. More information is available at http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Support/Balancing/Balancing-Incentive-Program.html.

CMS policy guidance on 1915(c) employment and employment-related services. To support states’ efforts to increase employment opportunity and services for waiver participants, CMS produced an informational bulletin that highlights and clarifies some of its core service definitions, such as supported employment, prevocational services, and career planning. These service definitions were revised to reflect best and promising practices and emphasize the importance of employment for individuals with IDDs. More information is available at http://downloads.cms.gov/cmsgov/archived-downloads/CMCSBulletins/downloads/CIB-9-16-11.pdf.

Employment First Leadership Mentor Program. ODEP awarded grants to four states (Iowa, Oregon, Tennessee, and Washington) to help these states align their policies, regulations and funding priorities to encourage integrated employment for individuals with significant disabilities. Each state receives funding to assist them to develop and implement their strategic plan. States have access to on-site, customized technical assistance from national subject-matter experts to help them achieve their goals. States participating in the Employment First Leadership Mentor Program, along with other interested states, come together through the Employment First Community of Practice to share ideas about adopting state policies and practices that lead to increased integrated employment outcomes for individuals with significant disabilities. More information is available at http://www.dol.gov/odep/history/2012.htm and http://www.hcbstt.org.

Money Follows the Person (MFP) Demonstration Grant Program. The MFP demonstration, first established by Congress through the 2005 Deficit Reduction Act, provides state Medicaid programs the opportunity to help transition Medicaid enrollees living in long-term care (LTC) institutions into the community and to help states rebalance their LTC systems toward community-based care. As of 2013, 45 states have received MFP grants. Several MFP grantee states have opted to use federal grant dollars to hire employment specialists to assist individuals with identifying employment goals and finding and maintaining competitive work. Others have opted to use MFP grant funds to finance or expand vocational services. More information is available at http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Support/Balancing/Money-Follows-the-Person.html.

National Center on Leadership for the Employment and Economic Advancement of People with Disabilities (LEAD Center). The LEAD Center is a collaborative of disability, workforce and economic empowerment organizations dedicated to a single mission: advancing sustainable individual and systems level change to improve competitive, integrated employment and economic self-sufficiency for all people across the disability spectrum. Led by National Disability Institute with funding from the U.S. Department of Labor’s Office of Disability Employment Policy, the LEAD Center brings together a range of organizations, thought leaders and best-practice innovators to expand policy, employment, leadership and economic advancement opportunities and outcomes for all people with disabilities. More information is available at http://www.leadcenter.org/.

Partnerships in Employment Systems Change Grants. In 2011, the U.S. Administration for Community Living awarded grants to six states (Alaska, California, Iowa, Mississippi, Missouri, New York, Tennessee, and Wisconsin) to develop and implement initiatives to improve employment and postsecondary outcomes for youth with IDDs. More information is available at http://partnershipsinemployment.com/.

State Employment Leadership Network (SELN). Launched in 2006, the SELN is a membership-based network of state DD agencies committed to making changes in their service systems to improve employment outcomes among individuals receiving support. The SELN is a community of practice in which members collaborate and share lessons learned in an effort to work together to analyze their employment service system to improve integrated employment outcomes for individuals with IDD. More information is available at http://www.selnmembers.org/components/com_wordpress/wp-content/uploads/2013/10/seln_accomplishmentsreport_2012.pdf.

Workforce Investment Boards. WIBs were established by the Workforce Investment Act (WIA) of 1998 to provide support to local and state governments in managing projects funded under the WIA. Local WIBs determine the amount, location, and operation of local American Job Centers that provide employment information to businesses and job seekers. They also develop regional strategic plans to plan for future growth in targeted industries. More information is available at http://www.doleta.gov/business/pws.cfm.


