

**ASPIRE**

Advancing State Policy  
Integration for Recovery  
and Employment

Helping People with Mental Health Conditions Obtain Competitive Integrated Employment

# MEDICAID AND FINANCING OF SUPPORTED EMPLOYMENT FOR PEOPLE WITH SERIOUS MENTAL ILLNESS

**HCBS Conference**

**December, 2021**

**SERGE KING**

**U.S. DEPARTMENT OF LABOR**

**OFFICE OF DISABILITY  
EMPLOYMENT POLICY**

**WORKFORCE SYSTEMS POLICY**

1. Defining competitive integrated employment
2. Potential CIE funding opportunities and flexibilities
3. ODEP's efforts to increase CIE
4. ODEP's ASPIRE Initiative

# WHAT IS COMPETITIVE INTEGRATED EMPLOYMENT (CIE)?

## **CIE IS WORK THAT IS PERFORMED ON A FULL-TIME OR PART-TIME BASIS FOR WHICH AN INDIVIDUAL IS:**

- (a) compensated at or above minimum wage and comparable to the customary rate paid by the employer to employees without disabilities performing similar duties and with similar training and experience;
- (b) receiving the same level of benefits provided to other employees without disabilities in similar positions;
- (c) at a location where the employee interacts with other individuals without disabilities; and,
- (d) presented opportunities for advancement similar to other employees without disabilities in similar positions.

## NEW FUNDING AND FLEXIBILITIES UNDER THE BIDEN-HARRIS ADMINISTRATION THAT PROVIDE SIGNIFICANT OPPORTUNITIES TO INCREASE ACCESS TO CIE:

1. Coronavirus Aid, Relief, and Economic Security Act (CARES)
2. American Rescue Plan Act of 2021 (ARP)
3. Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)
4. Further Consolidated Appropriations Act of 2020 (FCAA)
5. Through the work of multiple federal agencies providing services to individuals with disabilities, i.e. CMS, ACL, SAMHSA, RSA, OSEP, and SSA.

## ADDITIONAL INFORMATION CAN BE FOUND BELOW:

[Recent Funding Opportunities to Expand  
Access to Competitive Integrated  
Employment \(CIE\) for Individuals with  
Disabilities](#)

[https://www.dol.gov/sites/dolgov/files/ODEP/pdf/508\\_odep\\_cie\\_07152021.pdf](https://www.dol.gov/sites/dolgov/files/ODEP/pdf/508_odep_cie_07152021.pdf)

## ODEP'S 10 CRITICAL AREAS TO INCREASE COMPETITIVE INTEGRATED EMPLOYMENT:

1. Employment First Policy
2. Rate Reimbursement  
Restructuring
3. Capacity Building
4. Interagency  
Coordination
5. Provider Transformation
6. 14(c) Phase Out
7. Employer Engagement
- 8. Mental Health**
9. Seamless Transition
10. Data Collection  
System



## MENTAL HEALTH

Increasing CIE for people with mental health conditions (and co-occurring substance use disorder) requires:

- identifying specific applications of Medicaid and other funding mechanisms;

- necessitates combining that with additional services in support of mental health and recovery-oriented life needs;

- also requires joining other supports for successful pursuit of competitive employment for these working-age individuals.

## ADVANCING STATE POLICY INTEGRATION FOR RECOVERY AND EMPLOYMENT (ASPIRE) INITIATIVE

In March 2021, ODEP launched ASPIRE.

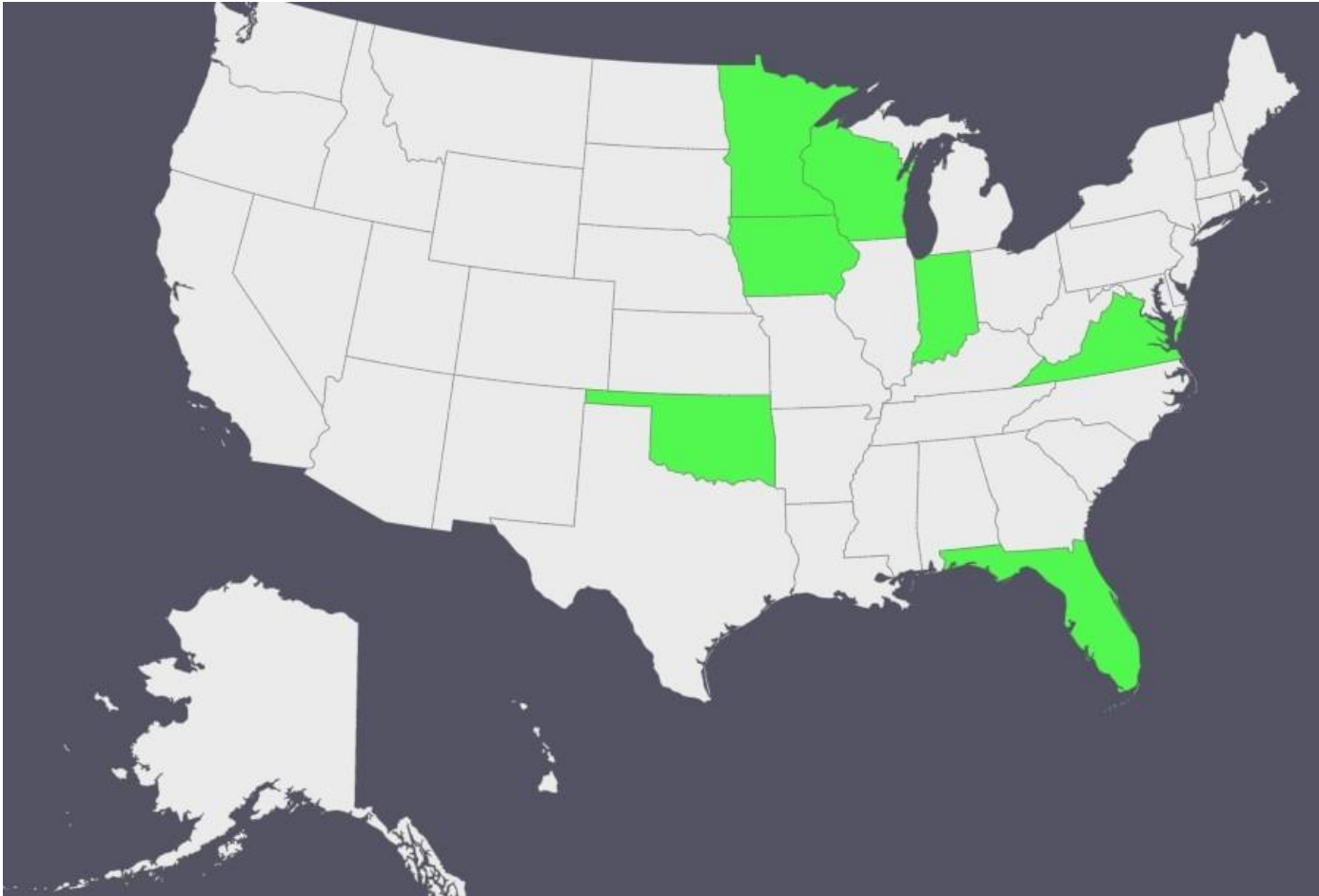
Support and expand [competitive integrated employment \(CIE\)](#) for people with mental health conditions, and co-occurring substance use disorder.

Assist seven states to integrate state policy, program, and funding infrastructures to expand evidence-based employment services for people with a disability resulting from mental health conditions.

Particular emphasis is placed on expanding evidence-based, best practices such as the Individual Placement and Support (IPS) model of Supported Employment.

Lessons will help other states, federal agencies, and service providers adopt proven methods to increase gainful employment for this underserved population.

# CURRENT ASPIRE STATES



1. Florida
2. Indiana
3. Iowa
4. Minnesota
5. Oklahoma
6. Virginia
7. Wisconsin

**ROBERT DRAKE**

**WESTAT**

**INTERNAL ADVISOR AND  
SUBJECT MATTER EXPERT  
ASPIRE PROJECT**

## SOCIAL DETERMINANTS OF HEALTH

Critical for people with serious mental illness

Employment is central

## SERIOUS MENTAL ILLNESS

Two aspects

Symptoms

Social function

Employment improve both

## INDIVIDUAL PLACEMENT AND SUPPORT (IPS)

8 principles

28 randomized controlled trials

Employment and psychological effects

Reductions in services and costs

## FUNDING

The problem of braided funding

Expanded Medicaid is the best solution



**JOHN O'BRIEN**

SUBJECT MATTER EXPERT  
ASPIRE PROJECT

## MEDICAID'S ROLE IN FINANCING BEHAVIORAL HEALTH SERVICES

Medicaid finances approximately 34% of all behavioral health services

For individuals with Serious Mental Illness this threshold is much higher (53%).

Medicaid can offer generous coverage to provide access to many services and supports—BUT there are limitations.

## MEDICAID AND EMPLOYMENT

There are generally three ways to think about Medicaid and employment for individuals with SMI:

Rehabilitative services that can offer some services and supports to gain and maintain employment

Employment activities that are embedded in services (e.g. ACT)

Stand-alone IPS services

States should think about this context when considering IPS. Remember—not everyone needs IPS but many want to work!

## IPS AND MEDICAID

It has been a tortuous relationship

Specific activities (training and job finding) that aren't coverable under regular state plans—makes this service under state plan radioactive

Work requirements impacts how CMS thinks about employment supports

Alternative authorities can reach IPS—but may require heavy lifting (additional but important requirements and safeguards)

CMS knowledge of IPS for SMI

## AUTHORITIES AND STATE EXAMPLES

1905(a)—regular state plan—can cover some pieces of IPS—but will require blending at state and provider level (MO and GA)

1915(b)—managed care authority—requires participant to be enrolled in managed care and state must have cost savings to fund IPS (NC)

1915(c)—traditional HCBS authority—can include IPS as is, but generally not a good authority for SMI and clear payer of last resort requirement (CT)

1915(i)—newer HCBS authority—can include IPS, doesn't require individual meet LOC, but heavy lift for states if this is the ONLY service they are wanting to add (OH, IA)

1115(a)—more recently covering IPS as part of a MUCH larger Medicaid reform effort—CMS often asking states to manage benefit under a 1915(i) like arrangement (WA)

# ANN BEVAN

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STATE OF VIRGINIA

# Virginia's High Needs Supports Benefit

## WHY AN EMPLOYMENT BENEFIT?

On June 7, 2018, Governor Northam signed the 2018 Virginia Acts of Assembly Chapter 2 (2018 Appropriations Act), which authorized Medicaid expansion and directed DMAS to submit an 1115 waiver application, inclusive of a supportive housing and employment benefit (“High Needs Supports”).

The General Assembly recognized the importance of both housing and employment and approved the submission of the 1115 to the federal government however, it has not yet approved the implementation of the benefit

High Needs Supports services will allow individuals to secure and maintain housing and employment, thereby meaningfully impacting health outcomes.



**Choice For the Approach in Virginia:** States have taken varied approaches to administer their employment supports under 1115 demonstration authority. State options include program administration through MCOs, TPAs, or through multiple entities (i.e., State, MCO, TPA-like entity). DMAS could also decide to administer the benefit in-house.

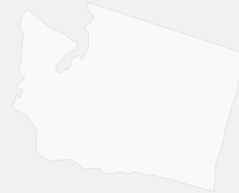
## State Examples: Administering Entities for Employment Under 1115 Demonstrations

**Hawaii's Community Integration Services and Supported Employment Program**



**MCO Administered**

**Washington's Foundational Community Supports Program**



**TPA Administered**

**North Carolina's Healthy Opportunities Pilot Program**



**Multi-Entity Model**

# Overview of the High-Needs Benefit: Needs-Based Criteria and Risk Factors

The high-needs benefit will be targeted to all Medicaid enrollees under the State Plan age 18 or older and former foster care youth age 18 up to age 26 who aged out of foster care in another state. Eligible individuals will need to meet at least one health needs based criteria and at least one or more housing or employment specific risk factors.



## Health Needs Based Criteria

- Behavioral health need (i.e., mental health or substance use need)
- Need for assistance with activities of daily living
- Complex physical health need

**AND**



## Housing Risk Factors

- At risk of homelessness
- Homelessness
- History of frequent or lengthy stays in an institutional setting, institution-like setting, assisted living facility, or residential setting
- History of frequent emergency department visits
- History of involvement with the criminal justice system
- History of housing loss due to behavioral health symptoms

**OR**



## Employment Risk Factors

- Unable to be employed for at least 90 consecutive days due to mental or physical impairment
- Unable to obtain or maintain employment resulting from age, disability, or brain injury
- More than one instance of inpatient or outpatient substance use disorder (SUD) service in the past two years
- At risk of deterioration of mental illness and/or SUD

## OVERVIEW OF THE HIGH-NEEDS BENEFIT: EMPLOYMENT SUPPORT SERVICES

### Pre-Employment Services

*(Individual and small group)*

- Pre-vocational/job-related discovery or assessment
- Assessment of workplace readiness
- Individualized job development and placement
- Mentoring
- Career coaching
- Job carving
- Soft skills/executive functioning training

### Employment Sustaining Services

*(Individual and small group)*

- Career development and advancement
- Volunteer work and paid internships
- Negotiation with employers
- Benefits education and planning
- Financial and health literacy
- Transportation and payment for public transportation
- On the job training

Some employment services are currently provided/funded through the State's 1915(c) waivers, federal agencies, state agencies, other entities such as non-profits, and Virginia Career Work Centers. However, these services tend not to be exclusively tailored to high-need enrollees.

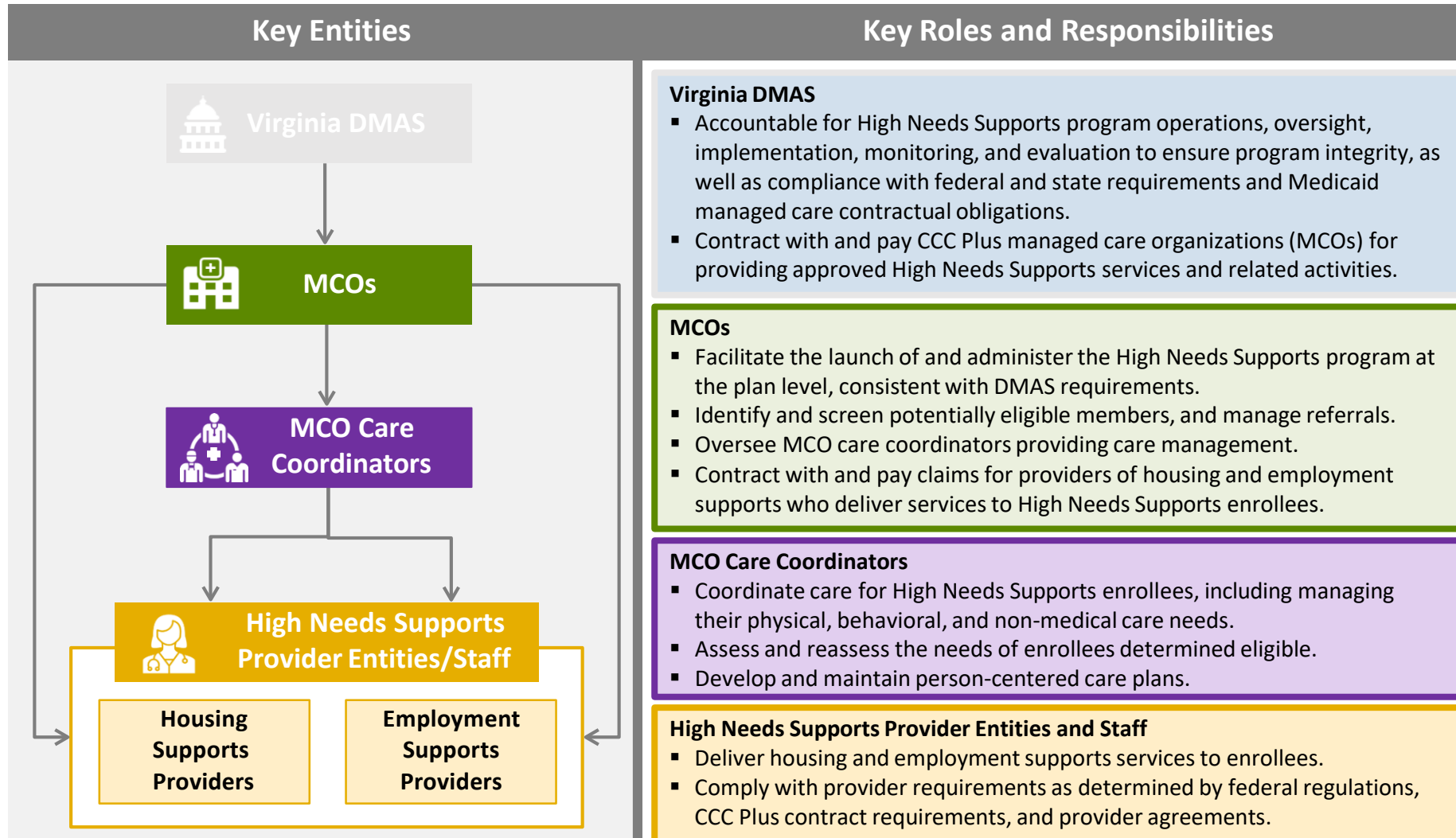
# Provider Staff Qualifications

High Needs Supports provider staff (employed by certified provider entities – e.g., Community Services Boards, Employment Service Organizations) who deliver housing and employment supports services must maintain the following minimum qualifications, negotiated with and approved by the federal government:

Provider Staff Type	Education and Experience	Skills	Services
<b>Housing Supports</b>	<ul style="list-style-type: none"> <li>Education (e.g., Bachelor’s degree, Associate’s degree, certificate) in a human/social services field or a relevant field; and/or</li> </ul>	Knowledge of principles, methods, and procedures of services included under housing supports services, or comparable services meant to support an individual’s ability to obtain and maintain stable housing.	Individual Housing Transition Services; Individual Housing and Tenancy Sustaining Services; and Community Transition Services.
<b>Employment Supports</b>	<ul style="list-style-type: none"> <li>At least one year of relevant professional experience and/or training in the field of service.</li> </ul>	Knowledge of principles, methods, and procedures of services included under employment supports services, or comparable services meant to support an individual’s ability to obtain and maintain stable employment.	Pre-Employment Services (individual and small group); and Employment Sustaining Services (individual and small group).

# High Needs Supports Program Administration

DMAS proposes to have CCC Plus MCOs administer the High Needs Supports benefit, with DMAS overseeing the program.



# High Needs Supports Provider Entities

DMAS will require MCOs to contract with a network of housing and employment supports provider entities by leveraging existing providers in the community that are experienced and qualified to address the health-related needs of the population. Provider entities will also be enrolled in Medicaid, credentialed, and expected to meet DMAS-determined standards (e.g., National Committee for Quality Assurance (NCQA)).



## Housing Supports Providers

- **Continuum of Care Providers:** In their current capacity, they organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency.<sup>1</sup>
- **Community Services Boards:** In their current capacity, they serve as the single point of entry into publicly funded mental health, SUD, and developmental services.<sup>2</sup>
- **Other:** To be determined.



## Employment Supports Providers

- **Employment Service Organizations:** In their current capacity, they are approved by the Department for Aging and Rehabilitative Services (DARS) to provide employment and vocational rehabilitation services to individuals with disabilities.<sup>3</sup>
- **Community Services Boards:** In their current capacity, they serve as the single point of entry into publicly funded mental health, SUD, and developmental services.<sup>2</sup>
  - Some Community Services Boards act as Employment Service Organizations in their region/area.
- **Other:** To be determined.

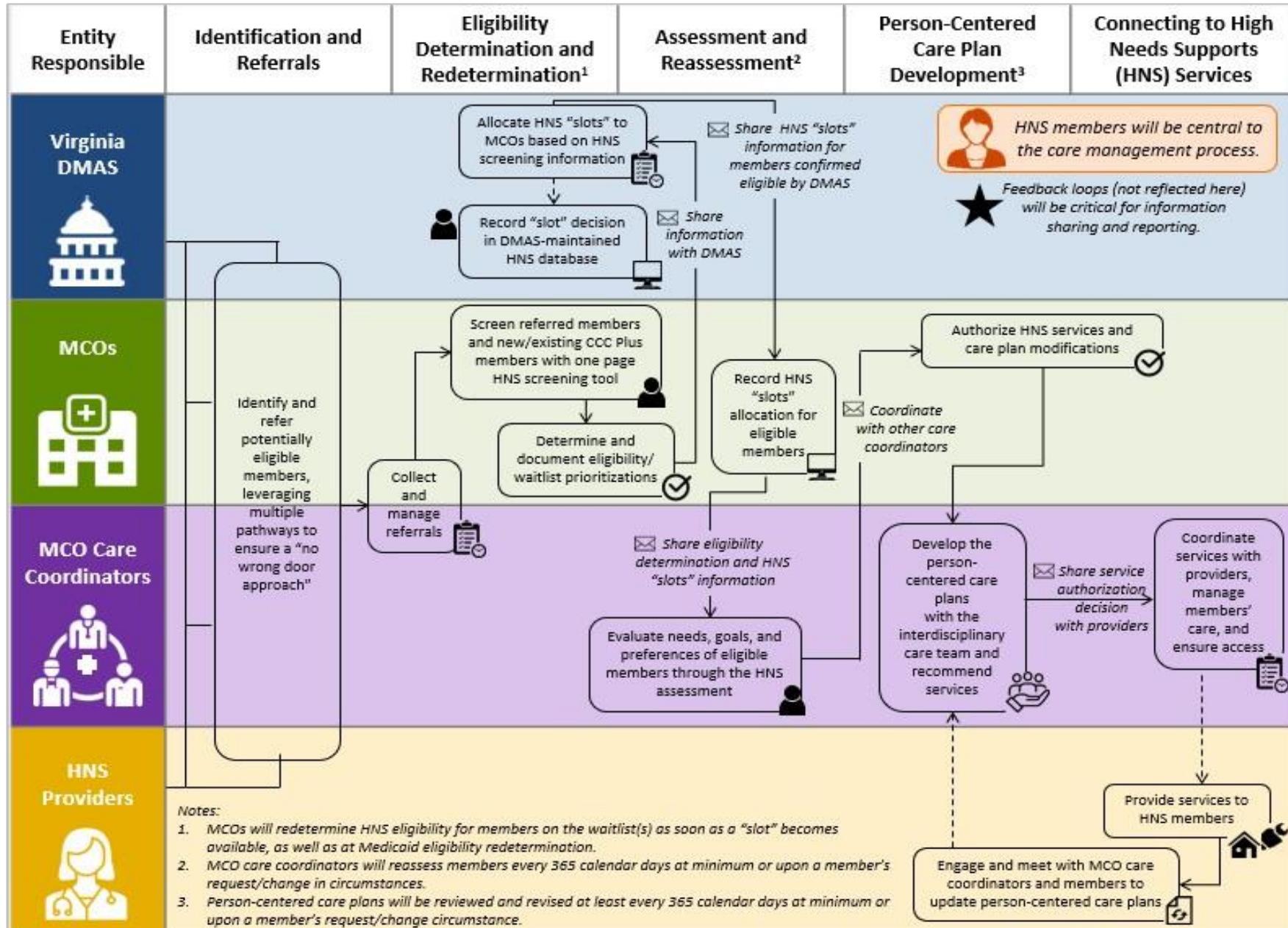
*While some of these providers already contract with Medicaid, the majority have limited exposure to Medicaid managed care and will require initial and ongoing support from DMAS and the MCOs.*

1. U.S. Department of Housing and Urban Development Definition of Continuum of Care.

2. 2018 Overview of Community Services in Virginia.

3. Virginia DARS Employment Services and Special Services.

# Pathway to High Needs Supports Services



## Status of Policy and Operational Design for the High Needs Supports Benefit



DMAS developed the High Needs Supports Operational Design and Implementation Planning document through:

- Multiple working sessions and iterating with internal stakeholders.
- Interviews with and comprehensive reviews of best practices from other states with similar supportive housing and/or employment benefits authorized under 1115 waivers.
- Negotiating and iterating with the federal government.

While the program design decisions memorialized in the paper reflect substantial input from Virginia's partners, DMAS continues to engage stakeholders.

DMAS recognizes that the operational and implementation design of the High Needs Supports program will therefore evolve.

CMS approved the Special Terms and Conditions in July 2020



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## IPS IN NORTH CAROLINA

1915(b)(3) to 1915(i)

## 1915(B) WAIVER IN NC

NC implemented a 1915(b)/(c) waiver program in 2005, with one pilot site (Piedmont Behavioral Health)

Section 1915(b)/(c) waivers are used to implement a mandatory managed care program (b) that includes home and community-based waiver services in a managed care environment (c)

Section 1915(b) waiver allowed the State to shift how it budgeted and managed funding for Medicaid programs for beneficiaries with MH, I/DD and SUD

## 1915(B) WAIVER IN NC

Some benefits of the (b) waiver include:

Allows the state to selectively contract with providers (closed network)

Allows the state to provide non-State Plan HCBS funded through cost savings ((b)(3) services)

Allows for In Lieu Of Services. (ILOS)

Rate setting authority

## 1915(B) WAIVER IN NC

The six goals the NC DHHS sought to meet through the 1915(b)(c) waiver were:

- improve access to mental health, intellectual and developmental disability, and substance abuse (MH, I/DD, SA) services,
- improve quality of MH, I/DD, SA services,
- improve outcomes for people receiving MH, I/DD, SA services,
- improve access to primary care for people with mental illness, developmental disabilities and substance abuse,
- improve cost benefit of services,
- effectively manage all public resources assigned to LME-MCOs (local management entities-managed care organizations)

## 1915(B)(3) WAIVER IN NC

NC pursued a 1915(b)(3) waiver- Non-Medicaid Services Waiver

This allowed Local Management Entities-Managed Care Organizations (LME-MCOs) to use their cost savings to provide additional services to beneficiaries

These are services not currently included in the State Plan

Services currently covered under the 1915(b)(3) waiver include:  
Community Transition, Respite, Community Living and Supports,  
Supported Employment, Intensive Recovery Support,  
Deinstitutionalization Services, Community Navigator/Guide,  
Physician Consultation

## INDIVIDUAL PLACEMENT AND SUPPORT (IPS) IN NC

In 2012, NC entered into a settlement agreement with the US Department of Justice

This agreement and work is now known as the Transitions to Community Living Initiative

The purpose of this agreement was *'to make sure that persons with mental illness are able to live in their communities in the least restrictive settings of their choice.'*

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## IPS IN NC

The six pillars of TCL are:

Community-based supported housing - permanent, integrated, affordable housing for people who are TCL-eligible and choose to live and receive services in the community. Tenancy supports are provided to every person with a housing slot.

Community-based mental health services - access to the array and intensity of services and supports necessary to enable a person who is TCL-eligible to successfully transition and live in the community.

Supported employment (Individual Placement Supports) - supported employment services that assist the person to identify and maintain integrated, paid, competitive employment.

Discharge and transition process - informed decision making and assistance in transitioning from a State Psychiatric Hospital or from an Adult Care home into permanent supported housing.

Pre-admission screening and diversion - effective diversion from entry to and Adult Care home and movement into permanent, supported housing.

Quality assurance - a quality assurance and performance improvement monitoring system that ensures that a community-based placement and services are developed in accordance with the Settlement Agreement and that the person receives services and supports they need to ensure health, safety, and welfare.



## IPS IN NC

With Supported Employment already existing as a (b)(3) service, a decision was made to update the Supported Employment waiver language to allow for and support providers using IPS as the sole employment model for beneficiaries with MH

This would allow the State to begin working on the deliverables specific to IPS as quickly as possible

The (b)(3) waiver language was broad, and referenced the State-funded IPS service definition, which was specific in identifying IPS, to include identifying the practice principles, evidence-based practice tool kit (developed by Westat)

## IPS AND (B)(3)

From 2013 through 2022, IPS was funded under the (b)(3) waiver

Providers sometimes expressed concern about the future of IPS, noting that the service was funded through cost savings

What if there wasn't adequate cost savings?

What happened when the Transitions to Community Living work ended?

## 1115 WAIVER IN NC

NC received approval for an 1115 waiver in 2018 (waiver was submitted in 2016)

1115 waivers allow the implementation of managed care and also the ability to offer Medicaid coverage to populations that federal government generally doesn't permit

Tailored Plans will be under the 1115 and not the 1915(b) waiver so a new vehicle was needed for the services to continue.

## 1915(I) IN NC

NC is submitting a 1915(i) application, with the intention of shifting most of the current 1915(b)(3) services to the (i).

The 1915(i) is State Plan HCBS, and can long-term care services (like employment or Respite) in a home and community-based setting

**1915(I)** According to federal rules, an independent evaluation must be used to determine member eligibility for 1915(i) benefits. **SUBSEQUENTLY, TO OBTAIN 1915(I) BENEFITS, AN INDEPENDENT ENTITY MUST CONDUCT an assessment to inform the person-centered SERVICE PLAN.**

Entity	Process	Requirement
Managed Care Plan (Tailored Plan or PIHP)	Independent Evaluation	Plans will be required to use a <b>standardized tool</b> to evaluate needs-based eligibility criteria
Care Manager	Independent Assessment	Care managers will be required to use a <b>standardized assessment tool</b> to determine the services a person needs*

## IPS IN NC - SOME THINGS STAY THE SAME

One consistent focus in NC is the sequencing of funding to support IPS

The following entities are committed to funding IPS for individuals with MH and/or SUD:

NC Division of Vocational Rehabilitation Services (DVRS)

NC Division of Health Benefits- NC Medicaid (DHB)

NC Division of Mental Health, Developmental Disabilities, and Substance Abuse Services (DMHDDSAS)

## IPS IN NC

As a (b)(3) service, IPS providers had inconsistent partnerships with the Division of Vocational Rehabilitation (DVR)

NC developed and piloted an alternative based/milestone-based payment model to align with the payment model DVR had been using since 2013 in one LME-MCO

Since implementation, this LME-MCO has seen a significant (70-80%) increase in shared cases, DVR reimbursement for funding, and State fund cost savings

This payment model also significantly reduces or eliminates occurrences of Medicaid paying first, or double billing