

Promoting Employment through Independence, Access, and Equity Pilot Project - Draft 3-31-2022

EXECUTIVE SUMMARY

California is an Employment First state and is committed to prioritizing employment of people with disabilities (PWD). There are huge benefits to individuals working (independence, inclusion, acceptance, etc.) along with significant savings to public resources. Unfortunately, there are significant barriers in California to reaching that vision including an employment system that disincentivizes serving people with higher needs, limits access to services, and promotes dependence.

A re-structured employment structure for PWD should adhere to these three principles:

- A. **Equity.** Provide equitable supports for all individuals who desire employment through an inclusive structure.
- B. **Access.** Provide services based on the support needs of the individual.
- C. **Independence.** Maximize independence by promoting independent work and maximizing earnings.

The Employment Revolution Coalition recommends the following to create a system that prioritizes equity, access and independence to maximize competitive integrated employment for all PWD:

Recommendations

1. Develop person-centered support needs groupings based upon potential employment outcomes.

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2. To promote equity, create a “Job Discovery, Exploration, Assessment” service – based on promising practices – for pre-employment supports to ensure that all jobseekers are positioned for success.
3. To promote equity, tier incentive payments for placement and retention in accordance with the support needs groupings to ensure that all individuals receive appropriate and prioritized services.
4. To incentivize longer-term employment, add a 24-month and 36-month CIE incentive payment at the same level as the 12-month CIE incentive payment.
5. To promote independence, pay for job coaching based on the number of hours an individual works rather than the number of hours the individual receives job coaching. Structure the associated fading targets in alignment with the support needs groupings.

CHALLENGES WITH THE CURRENT SYSTEM

California is an Employment First state and is committed to prioritizing employment of people with disabilities (PWD). There are huge benefits to individuals working (independence, inclusion, acceptance, etc.) along with significant savings to public resources. Unfortunately, there are significant barriers in California to reaching that vision including an employment system that disincentivizes serving people with higher needs, limits access to services, and promotes dependence. Additionally, the current payment structure in California that supports competitive integrated employment (CIE) prioritizes those with the fewest barriers (also known as “cherry-picking”) and disincentivizes independence. The challenges with the current system can be grouped as equity, access and independence:

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Equity. Currently, service providers receive no hourly payment for job development and are only paid when an individual obtains and retains a job. This payment structure was intended to promote employment outcomes, which it does for those who are most employable. Providers receive the same pay for a job placement regardless of the complexity of the client's needs or the number of hours or effort it took to find a good job match. It encourages "easy placements" such as grocery store jobs collecting carts or cashiering, where folks with I/DD have a long history of success and acceptance.

Access. Many individuals would benefit from individualized and customized employment, so they can become a part of the workforce. Currently, there are sporadic efforts to address this lack of access, but no current incentives to prioritize serving those individuals who have higher employment support needs. This leads to "cherry-picking" of those easiest to place, while negatively impacting access to thousands of individuals with greater support needs who want to work.

Independence. The current payment structure disincentivizes independence in two ways. First, the State reimburses service providers based upon the number of hours of in-person job coaching they provide. This incentivizes providers to maximize/maintain levels of these services instead of focusing on a balanced approach and the development of greater independence. The balanced approach would support the development of services, such as remote (telephone or video chat) coaching or natural supports, where supports are embedded in and provided by the work environment and colleagues.

Second, the State provides no incentives for increasing the number of hours an individual works or career development. Currently, by providing incentive payments for job placement and retention regardless of the number of hours an individual regularly works, the State passively disincentivizes providers from supporting individuals to work more hours. Supporting more work hours leads directly to greater

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earnings and independence for people with disabilities, and as such, the State's payment structure should incentivize this outcome.

GOALS OF A REVISED EMPLOYMENT STRUCTURE

Goals of a Revised Employment Structure: *Better for individuals, better for providers, better for the workplace!*

1. **Equity.** Provide equitable supports for all individuals who desire employment through an inclusive structure.
2. **Access.** Provide services based on the support needs of the individual.
3. **Independence.** Maximize independence by promoting independent work and maximizing earnings.

RECOMMENDATIONS FOR A REVISED EMPLOYMENT STRUCTURE FRAMEWORK

1. *Develop person-centered support needs groupings based upon potential employment outcomes.*

Implement three tiers of person-centered support needs groupings. While there are many models in other states (Oregon, Michigan, Wisconsin), the development of such groupings can be complicated. For the pilot project, implement a three-tiered model that automatically qualifies individuals for different tiers without requiring an assessment.

- All people currently in a sheltered workshop or working in sub-minimum wage jobs are in the highest Tier 3 to incentivize CIE.
- People who have never worked are in Tier 2.
- People with prior work experience are in Tier 1.

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All individuals who feel they are in the inappropriate tier can request consideration to be moved into a more appropriate tier.

2. To promote equity, create a “Job Discovery, Exploration, Assessment” service – based on promising practices – for pre-employment supports to ensure that all jobseekers are positioned for success.

Create a “Job Discovery, Exploration, Assessment” service with authorized hours to be spent on pre-employment and job seeking services (e.g., discovery, exploration, assessment) to ensure that all jobseekers are positioned for success. Authorized hours – up to 80 hours per person depending on their tier – should be based on the person-centered plan of each individual rather than a standard amount for everyone.

The discovery process should allow the individual to choose among many options including work, tailored day services, a mixture of services, etc. Pay for these services at the Job Development rate from the DDS Rate Study on a reimbursement basis based on individual need to ensure that all individuals are positioned for success. See chart below based on the job development rate from the San Andreas Regional Center (\$74.27/hour). Alternatively – or in addition – the state (DDS, DOR or DOE) could pay incentive payments for milestones during the discovery process (e.g., written job description and analysis with employers, informational interview report, etc.)

Discovery Payments	Hours of Discovery			
	20	40	60	80
Tier 3	\$1,485	\$2,971	\$4,456	\$5,942
Tier 2	\$1,485	\$2,971	\$4,456	
Tier 1	\$1,485	\$2,971		

In addition, the State should incentivize evidence-based practices and/or promising practices by paying a premium rate (at some higher percentage) for service providers

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that demonstrate they have met high-quality criteria such as the [Griffin-Hammis Associates Discovery Fidelity Scale](#). Providers that adhere to evidence-based practices and/or promising practices have been shown to improve their results in placing individuals into jobs

3. *To promote equity, tier incentive payments for placement and retention in accordance with the support needs groupings to ensure that all individuals receive appropriate and prioritized services.*
4. *To incentivize longer-term employment, add a 24-month and 36-month CIE incentive payment at the same level as the 12-month CIE incentive payment.*

Enhanced incentive payments for people with higher support needs will incentivize providers to support all individuals equitably. The charts below take the current incentive payments (for individuals involved with the Regional Centers and those just involved with DOR) and adds a 15% bump for “Tier 2” and a 30% bump for “Tier 3” from the existing base level amounts. The scale below also adds 24- and 36-month payments to incentivize longer-term employment for individuals in the Regional Center system. The numbers below are for illustration purposes only; developing actual incentive payment increases will require additional stakeholder input and research.

Incentive Payments (Regional Center individual)	Intake	Placement	30-Day Retention	90-Day Retention	6-Month Retention	12-Month Retention	24-Month Retention	36-Month Retention
Payer	DOR	DOR	DDS	DOR	DDS	DDS	DDS	DDS
Tier 3	\$468	\$936	\$2,600	\$936	\$3,250	\$3,900	\$3,900	\$3,900
Tier 2	\$414	\$828	\$2,300	\$828	\$2,875	\$3,450	\$3,450	\$3,450
Tier 1	\$360	\$720	\$2,000	\$720	\$2,500	\$3,000	\$3,000	\$3,000
Current (2021-22)	\$360	\$720	\$2,000	\$720	\$2,500	\$3,000	\$0	\$0

Incentive Payments (DOR individual)	Intake	Preparation	Placement	90-Day Retention
Payer	DOR	DOR	DOR	DOR
Tier 3	\$429	\$1,001	\$1,001	\$715
Tier 2	\$380	\$886	\$886	\$633
Tier 1	\$330	\$770	\$770	\$550
Current (2021-22)	\$330	\$770	\$770	\$550

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As noted under recommendation #2, discovery could also be funded or augmented through incentive payments from DDS, DOR or even the education system for 18–22-year-olds.

5. To promote independence, pay for job coaching based on the number of hours an individual works rather than the number of hours the individual receives job coaching. Structure the associated fading targets in alignment with the support needs groupings.

Like other areas (Oregon, Oklahoma, Michigan, Wisconsin, and others), pay for job coaching based on the number of hours an individual works rather than the number of hours the individual receives job coaching. Ensure that the payment model allows for optimizing the types of supports, both in person and other remote/natural support options to promote independence. This structural shift promotes more independent working and increased work hours, both of which lead to greater independence. Providers would be incentivized to optimize supports including use of technology (e.g., video, facetime, duo, phone, text, etc.) and natural supports.

This shift would require an efficient and accurate system to document work hours; fortunately, California could learn from other states that have adopted this approach.

For illustration purposes, the model below adopts targeted fading percentages tied to three distinct phases of employment (first year, second year, more than two years) based on the three tiers of the support needs groupings. The numbers below are for illustration purposes only, though it is important to note that they deviate from current DOR targets by providing increased coaching for those who have more support needs. Developing actual targeted fading percentages will require additional stakeholder input and research. Furthermore, this model includes revising the DOR practice of closing cases after 90 days into a person-centered approach that is appropriate to each person and their specific job.

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Fading Target Percentage	Phase 1 0-6 Months on Job						Phase 2 7-18 Months on Job	Phase 3 19+ Months on Job
	Mo. 1	Mo. 2	Mo. 3	Mo. 4	Mo. 5	Mo. 6		
	Tier 3	100%	100%	100%	80%	80%		
Tier 2	100%	80%	80%	60%	60%	40%	40%	30%
Tier 1	100%	80%	60%	40%	20%	20%	20%	10%

The payment per hour worked calculation multiplies the cost of an hour of job coaching by the fading percentages outlined above. The chart below uses the cost per hour of coaching in the Burns Rate Study for the San Andreas Regional Center (\$59.02). The numbers below are for illustration purposes only. A service provider who provides the exact number of coaching hours that coincides with the fading target will receive reimbursement equivalent to their current fee-for-service job coaching rate. A service provider who can support an individual with fewer in-person coaching hours than outlined in the fading chart above will receive the same compensation but have fewer expenses so will have more resources to increase compensation for Job Coaches. Additionally, if an individual works more hours, but doesn't require additional coaching, the service provider will see additional net revenues. The service provider is also incentivized to ensure it is providing sufficient coaching because the provider will lose revenue if an individual works fewer hours or loses their job. The payments per hour the individual works also incentivizes a service provide to promote natural supports (including building relationships with co-workers) and to use other person-centered approaches (e.g., discovery) to ensure that the jobseeker is best matched with their job. A well-matched worker stands to move quicker towards independence and increasing work hours.

Payment Per Hour Worked	Phase 1 0-6 Months on Job						Phase 2 7-18 Months on Job	Phase 3 19+ Months on Job
	Mo. 1	Mo. 2	Mo. 3	Mo. 4	Mo. 5	Mo. 6		
	Tier 3	\$59.02	\$59.02	\$59.02	\$47.22	\$47.22		
Tier 2	\$59.02	\$47.22	\$47.22	\$35.41	\$35.41	\$23.61	\$23.61	\$17.71
Tier 1	\$59.02	\$47.22	\$35.41	\$23.61	\$11.80	\$11.80	\$11.80	\$5.90