

Testimony presented at the Congressional Briefing on the WIOA Advisory Committee Report

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My name is Patti Killingsworth. I am an Assistant Commissioner and the Chief of Long-Term Services and Supports with TennCare, the State Medicaid Agency in Tennessee.

I'm also Jensen's mom. Jensen had lifelong disabilities and special health care needs, as well as a great sense of humor, contagious laugh, lots of friends and a great life. He passed away in 2004 at age 19, just 5 months shy of his high school graduation.

The future I hoped he would have, that we planned for and *expected* him to have—a job and a meaningful life in the community with people he loved and who love him, contributing, feeling valued; the future we should expect *every* person who has a disability to have—is the most important reason I'm here today. Expectations matter; they become our reality. But expectations alone aren't enough.

I'm grateful to sponsors Senator Casey, Senator Hassan, House Bipartisan Disabilities Caucus Chairs Representative Harper and Representative Langevin and the other members of Congress here today for being willing to take time in the midst of health care reform discussions to focus on a topic that has greater impact on those discussions than most policymakers realize.

All too often, the critically important is lost in the tyranny of the urgent. Employment for people with disabilities and what we as federal and state policy makers do to support employment for people with disabilities (or God forbid, what we *don't* do, what we leave *undone*) is *critically important*.

Senator Tom Harkin was right when he said back in 2012, that employment is the unfinished business of the ADA. This year, Tennessee joined some 15 other states in closing our last congregate state institution. We've done a good job of changing *where* people live. But just being *in* the community isn't enough. Access to employment is the most vital civil right because in so many ways, it opens doors to all of the other civil and citizenship rights that most Americans take for granted. This is business we cannot leave unfinished, that we literally cannot afford—morally or financially—to ignore.

We cannot effectively reform or transform health care without focusing on the needs of people with disabilities—people who disproportionately use the services provided in these systems. And we can't effectively transform Medicaid for people with disabilities without focusing on employment.

We know and have evidence to support that social, psychological and financial benefits of employment have a significant positive impact on health.

We also know and have evidence to support the impact of employment on health care utilization. By investing in employment, we actually save money on health care, and people lead healthier, more meaningful, and productive lives.

As we look for ways to stretch limited federal and state dollars farther and farther in order to meet a seemingly unlimited demand for services, we are often short-sighted. We look for ways to reduce

spending (which is sometimes necessary), but at the same time, we miss the opportunities right in front of us to invest the dollars we have more wisely—in ways that will produce better outcomes and pay dividends in terms of reduced spending over time.

In Tennessee, we have a constitutional requirement to balance our budget every year. We can't spend more money than we have. And while that sometimes leads to difficult decisions, it also leads to opportunities for us to constantly look for ways to spend limited resources more effectively, to do right things that produce right results and provide a good return on investment. Employment is one of those opportunities.

In July 2016, after spending more than two years listening to and working with Tennesseans with disabilities and their families and other stakeholders, with the leadership of Governor Bill Haslam and the support of the General Assembly, Tennessee launched the Employment and Community First CHOICES program. It is a Medicaid home and community based services program, delivered through a fully integrated Medicaid managed long term services and supports model, that is specifically designed to align incentives toward promoting and supporting integrated, competitive employment and community living as the first and preferred option for individuals with intellectual and developmental disabilities.

Everything about the program, from the way that people are prioritized for enrollment, to the benefit design, to the way providers are contracted and paid to provide services is intended to align incentives to help people achieve their competitive integrated employment and community living goals.

- Groups prioritized for enrollment include people with I/DD who need employment supports to obtain or maintain competitive integrated employment or self-employment.
- An array of 14 employment services are designed to create a pathway to employment, even for people with significant disabilities, meeting each person where they are and helping them forward toward employment opportunities that align with their unique skills and interests.
- An *Employment Informed Choice* process ensures that employment is the first option considered for every person of working age before non-employment day services are available.
- People who are working in competitive integrated employment have access to additional benefits.
- Preferred Contracting Criteria established by the State and used by health plans to develop their networks focus on providers with proven track records of success in supporting individuals with I/DD in obtaining competitive, integrated employment.
- Preferred provider status with health plans once contracted is based on quality performance on person-centered outcomes, with an emphasis on competitive integrated employment.
- Reimbursement for employment services aligns incentives toward helping each person successfully move forward along their customized employment pathway, including:

- Outcome-based reimbursement for up front services leading to employment;
- Tiered outcome-based reimbursement for Job Development Start-Up and Self-Employment Start-Up based on the person's "acuity" level and paid in phases to support sustained employment success;
- Tiered reimbursement for Job Coaching based on the person's needs, length of time employed, and amount of paid support required as a percentage of hours worked provides a higher payment per hour if fading achieved is greater.

We are currently working with our State I/DD Department to implement similar reimbursement strategies in our Section 1915(c) waivers for people with I/DD, because as a state that has been engaged in managed care for well over two decades, we know that the alignment of incentives matter. Perhaps more than anything else, changing how we pay for services, paying for the outcomes we want to achieve, has the potential to fundamentally transform the way we provide Medicaid services, including long-term services and supports.

Tennessee was the first state in the country to establish Employment First in policy in 2002. But 15 years later, we feel we are just discovering what it really takes to make Employment First a reality.

We have to stop believing that the same policies that have gotten us where we are today will take us to a different place tomorrow. One of the findings of the WIOA Advisory Committee is that *"Medicaid-funded disability service systems often align their policy and funding in ways that may unintentionally support segregation over integration in their vocational and other day services."* In fact, a look at nearly three decades of data across states clearly shows that while the number of people receiving Medicaid-reimbursed day services has grown substantially, with limited exceptions, state investment continues to emphasize facility-based and non-work services, rather than integrated employment services. And nationally, between 2004 and 2014, the percentage of people in competitive integrated employment actually *declined* moderately. With the best of intentions, sometimes, we don't do the right things or at least the things that produce right results.

Medicaid is a program created in part to help people with disabilities. How ironic that this same program, if it does not cause people to become impoverished (in order to receive benefits), can certainly keep them impoverished in its eligibility and benefit design.

It's time for change—not to just enforce a work mandate, but to create and support work *opportunities* for people with disabilities, to invest Medicaid dollars in a way that aligns incentives toward the outcomes we know will make a significant difference in the lives of people with disabilities, **and** in helping us bend the cost curve of Medicaid expenditures. Employment should not be a barrier to benefits, but rather a pathway to increased independence, as much independence as we can support each person to achieve and maintain, with a commensurate reduction in reliance on public benefits.

We desperately need courageous leaders--in Congress, in every federal agency, and in every state agency and legislature in the country who are willing to take a stand and make strategic policy decisions

and financial investments that will significantly advance our progress in achieving competitive integrated employment for **all** people with disabilities.

Today, I am asking for your commitment in leading Congress to pass reforms that align incentives toward helping people with disabilities achieve competitive integrated employment.

These include:

- Consistent measurement and reporting of competitive integrated employment outcomes across federal and state programs and funding streams;
- Incentives for states to adopt Medicaid eligibility pathways that support people with disabilities in working;
- Expectations and incentives for federal and state agencies (beyond Voc Rehab and Education) to work together in order to increase competitive integrated employment;
- Enhanced federal funding for states to decrease utilization and funding for segregated center-based sheltered workshops and other facility-based non-work day services and increase competitive integrated employment. This could take the form of enhanced FMAP for pre-employment and employment services (in a manner similar to Community First Choice) or an MFP-like demonstration focused on transition from segregated day settings to competitive integrated employment.
- Regardless of approach, this should include short-term outcome-based funding to support transformation efforts for community-based providers exclusively or primarily offering sheltered, non-integrated employment or other facility-based services. Funding would provide training, technical assistance, and bridge funding to build provider capacity to provide individual integrated employment services, and be contingent on demonstration of progress toward specific competitive integrated employment outcomes.
- Funding to support the development and retention of a competent workforce to deliver individual integrated employment and other Medicaid-reimbursed community-based wrap around services, including education and career pathways and compensation that takes into account the level of responsibility and competence in delivering services that achieve competitive integrated employment outcomes.
- Federal policy that not only permits, but fully encourages broad use of value-based purchasing, pay-for-performance and outcome-based reimbursement at the health plan and provider levels to incentivize the achievement of competitive integrated employment outcomes, including sustainability of those outcomes over time.

From a civil rights perspective, making these kinds of changes is a policy imperative. We cannot wait for the Department of Justice to enforce compliance with the integration mandate one state at a time.

Litigation is the most costly pathway to compliance and rarely proceeds without significant unintended consequences.

From a cost-benefit perspective, continuing to provide Medicaid services in the same old way is no longer financially sustainable. The cost to federal and state government, the cost to taxpayers, the cost to people with disabilities and their families is too high.

We have a rare opportunity to do the right thing that also makes good financial sense. I ask and pray for your courage to seize that opportunity, to make decisions that will better invest federal funding and lead the way to employment and a better life for Americans with disabilities.

Respectfully Submitted,

Patti Killingsworth