Research

Day Habilitation Services in Medicaid Home and Community Based Services Waivers

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Day Habilitation Services for People with Intellectual and Developmental Disabilities in Medicaid Home and Community Based Services Waivers

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Abstract

Medicaid Home and Community Based Services (HCBS) 1915(c) waivers are one of the largest providers of long-term services and supports for people with intellectual and developmental disabilities (IDD). HCBS waivers also play a prominent role in providing day habilitation services for people with IDD. The purpose of this study was to examine how HCBS waivers allocate day habilitation services for people with IDD. To do so, HCBS waivers for people with IDD providing day habitation services were analyzed to determine service utilization and projected expenditures. In fiscal year 2014 HCBS waivers projected $5.62 billion of funding for day habilitation services. However, there was wide variance across services in terms of projected total spending, spending per participant, and reimbursement rates.

Keywords: day habilitation; people with intellectual and developmental disabilities; Medicaid Home and Community Based Services waivers; community living

Day Habilitation Services for People with Intellectual and Developmental Disabilities in Medicaid Home and Community Based Services Waivers

Traditionally day services have functioned as an alternative for employment of people with IDD by focusing on engagement and social interaction, independence training, and/or medical and physical needs (e.g., therapy, nursing, etc.) of participants (Anderson et al., 2012; Beyer, Brown, Akandi, & Rapley, 2010; Wallace, 2014). Research on adult day centers for people with disabilities and older adults has found participation reduces boredom, under stimulation, and problem behaviors (Femia, Zarit, Stephens, & Greene, 2007; van der Putten & Vlaskamp, 2011) and "increase[s] physical and psychical well-being" (Anderson, Dabelko-Schoeny, & Johnson, 2012, p. 732). Day services also aim to reduce institutionalization by providing these services and by functioning as respite for the participant's caregivers (Dwyer, Harris-Kojetin, & Valverde, 2014; Kelly, Puurveen, & Gill, 2014; Zarit et al., 2013).

Day and employment services for people with intellectual and developmental disabilities (IDD) have grown significantly; whereas in 1988 approximately 257,000 people with IDD were receiving day and employment services, the figure reached approximately 591,000 people in 2013 (Braddock et al., 2015). The majority of which (63%) were participating in non-work day programs in 2013 (Braddock et al., 2015). Moreover, slightly more than 81% of IDD agency funding went towards day services in FY 2014 (Butterworth et al., 2015).

Medicaid Home and Community Based Services (HCBS) 1915(c) waivers were the largest source of public funding for day services in 2009 (Anderson et al., 2012, p. 736). Developed as an alternative to immediate care facilities for individuals with intellectual disabilities (ICF/IIDs) in 1981, HCBS waivers allow states to provide community services tailored to particular underserved populations, such as people with IDD, by 'waiving' the three

main provisions of the Social Security Act (U.S. Department of Health and Human Services, 2000). As such, the HCBS waiver program allows states flexibility in determining target groups, services furnished, participant direction, provider qualifications, health and welfare strategies, and cost-effective delivery (Disabled and Elderly Health Programs Group, Center for Medicaid and State Operations, Centers for Medicare and Medicaid Services, & Department of Health and Human Services, 2015). Through HCBS waivers states are able to provide services in community-based integrated settings as opposed to institutional ones (*citation removed for review;* U.S. Department of Health and Human Services, 2000).

In addition to describing other requirements, HCBS waivers detail what services may be provided, how the services are to be provided, and what types of providers may provide the services. States detail allocating funding specifically for a type of service (e.g., assistive technology, respite, day habilitation), how many participants will receive those services, how many units of services the average participant will receive, and reimbursement rates. In their waivers states also note provider specifications, including the type/s of providers that may furnish services (e.g., individuals, agencies) as well as minimum provider qualifications. Provider practitioners and agencies that fit the qualifications can then apply to be certified as providers for specific services. States also have the option of allowing participants to pick family or caregiver providers in some instances (e.g., personal care).

The goal of the HCBS waiver program is to increase *successful* community living with support from community based services. Because of the advantages of community living, including its cost effectiveness, and the preferences of people with IDD, HCBS waivers have become one of the largest providers of long-term services and supports (LTSS) for people with IDD in the United States (Braddock et al., 2015; *citation removed for review;* Hemp, Braddock,

& King, 2014; Larson & Lakin, 1989; Lakin, Larson, & Kim, 2011; Mansell & Beadle-Brown, 2004).

According to Braddock et al., (2015) HCBS "waiver spending as share of total Medicaid funding for day and work programs more than doubled from 27% to 68% during 2002-2013" (p. 51). In fiscal year (FY) 2013, day habilitation, which aims to build people with IDD's community living skills by increasing their activities of daily living (ADLs) capacity, was the largest form of day service provided by HCBS waivers, comprising over 80% of projected funding for day services (Braddock et al., 2015; *citation removed for review*). In fact, day habilitation was the second largest HCBS IDD service in FY 2013, making up 18% of total HCBS IDD projected funding (Braddock et al., 2015; *citation removed for review*).

The relatively new Centers for Medicare and Medicaid (CMS) HCBS 1915(c) final rule (CMS 2249-F/2296-F), implemented in 2014, significantly shifts "away from defining home and community-based settings by 'what they are not,' and toward defining them by the nature and quality of participants' experiences" (CMS, 2014, p. 2; Medicaid Program, 2014). In addition to expanded consumer direction, one of the largest changes implemented by the rule is that states are now required to provide *meaningful* community opportunities, which include interaction with people without disabilities (CMS, 2014; Medicaid Program, 2014; State of Tennessee, n.d.). As such states may find their day habilitation programs need to be redesigned or terminated altogether if they are in segregated facilities.

Another driving force in the shift away from segregated day settings is the commitment of many states (n = 34 as of 2014) to Employment First initiatives (Nord & Hoff, 2014). Employment First is

> a clear set of guiding principles and practices promulgated through state statutes, regulations, and operational procedures…represent[ing] a commitment by states, and state IDD agencies, to the propositions that all individuals with intellectual and developmental disabilities (a) are capable of performing work in typical integrated employment settings; (b) should receive, as a matter of state policy, employment-related services and supports as a priority over other facility-based and non-work day services; and (c) should be paid at minimum or prevailing wage rates. (Butterworth, 2015; pp. 10-11)

Anderson et al. (2012) calls the need for national research on day services, such as day habilitation, "critical on a number of levels" (p. 732). Because of the prevalent role HCBS waivers play both in providing day habilitation services and LTSS for people with IDD more generally, and the new changes set forth by the final rule requirements and Employment First initiatives, the purpose of this study was to examine how Medicaid HCBS 1915(c) waivers across the nation allocate day habilitation services for people with intellectual and developmental disabilities. Such comparisons across HCBS waivers are necessary because of the large variation across state waiver programs (*citation removed for review*; Peebles & Bohl, 2014). To do so FY 2014 Medicaid HCBS waivers for people with IDD providing day habitation services were analyzed to determine service utilization and projected expenditures. Day habilitation service definitions were also examined to determine trends.

Method

Medicaid Home and Community Based Service (HCBS) 1915(c) waivers were obtained from the CMS Medicaid.gov website over a two-year period (June 2013 to June 2015). First, all waivers that were not 1915(c) waivers (i.e., 1115 and 1915(b)) were excluded. Waivers for all

other populations than people with IDD – intellectual disability (ID), "mental retardation" (MR), developmental disability (DD), and/or autism (ASD) were then excluded. (Although MR is considered outdated it was a necessary search term as it remains in use in some waiver applications; Rosa's law (Pub. L. 111-256) did not apply to Medicaid. (See *citation removed for review.*)) No age limitations were imposed. HCBS waivers for people with IDD – IDD waivers – that did not include 2014 were then excluded; the waiver year that aligned closest with FY 2014 (July 1, 2013 to June 30, 2014) was used. While this was most often the state FY, other states used the federal FY (October 1, 2013 to September 30, 2014), while a few others used the 2014 calendar year (January to December). The term FY is used for consistency. In total this resulted in FY 2014 data from 110 IDD HCBS waivers from 45 states and the District of Columbia.

As part of CMS requirements all waiver applications are required to describe: CMS assurances and requirements; levels of care; waiver administration and operation; participant access and eligibility; participant services, including limitations and restrictions; service planning and delivery; participation direction of services; participant rights; participant safeguards; quality improvement strategies; financial accountability; and cost-neutrality demonstrations (Disabled and Elderly Health Programs Group, Center for Medicaid and State Operations, Centers for Medicare and Medicaid Services, & Department of Health and Human Services, 2015). This information was used to organize services into a taxonomy similar to *Citation removed for review*'s HCBS IDD waiver taxonomy of FY 2010. The taxonomy categories allowed us to explore day habilitation related services more in depth. Day habilitation services definitions were then qualitatively analyzed to determine service patterns and trends.

Next, cost neutrality data was quantitatively analyzed to determine projected spending, the projected number of users, and service allotment. CMS requires states to demonstrate that

HCBS waiver spending does not exceed institutional (i.e., hospital, nursing facility, ICF/IID) spending for the same level of care (Disabled and Elderly Health Programs Group, Center for Medicaid and State Operations, Centers for Medicare and Medicaid Services, & Department of Health and Human Services, 2015). As part of cost neutrality demonstrations states must note the number of unduplicated participants, average length of stay (ALOS), and total projected spending per waiver year. States then must go into more depth about

> (a) the unduplicated number of participants who are expected to utilize each waiver service; (b) the number of units of services these participants are expected to utilize during a waiver year (taking into account ALOS); and, (c) the expected average unit cost of each waiver service. These elements lead to the calculation of the total estimated cost for each waiver service. (Disabled and Elderly Health Programs Group, Center for Medicaid and State Operations, Centers for Medicare and Medicaid Services, & Department of Health and Human Services, 2015, p. 276)

Utilizing this data we used descriptive statistics to determine day habilitation service allotment across waivers and states. Finally, in order to determine if there were differences between states with Employment First initiatives and states with no initiatives (Nord & Hoff, 2014) independent samples t-tests were run comparing total projected spending, spending per capita, and spending per participant.

Findings

Service Definitions

Of the 110 IDD waivers examined, 79 waivers (71.8%) from 39 states and the District of Columbia provided 205 day habilitation services in FY 2014. The CMS technical guide for

1915(c) HCBS waiver applications (Version 3.5) provides states with core service definitions. The CMS technical guide's definition of day habilitation services is:

> Provision of regularly scheduled activities in a non-residential setting, separate from the participant's private residence or other residential living arrangement, such as assistance with acquisition, retention, or improvement in self-help, socialization and adaptive skills that enhance social development and develop skills in performing activities of daily living and community living. Activities and environments are designed to foster the acquisition of skills, building positive social behavior and interpersonal competence, greater independence and personal choice. Services are furnished consistent with the participant's person-centered service plan. Meals provided as part of these services shall not constitute a 'full nutritional regimen' (3 meals per day). Day habilitation services focus on enabling the participant to attain or maintain his or her maximum potential and shall be coordinated with any needed therapies in the individual's person-centered service plan, such as physical, occupational, or speech therapy. (Disabled and Elderly Health Programs Group, Center for Medicaid and State Operations, Centers for Medicare and Medicaid Services, & Department of Health and Human Services, 2015, pp. 148-149)

States are able to "supplement or modify the core definition [of day habilitation] as appropriate to specify service elements/activities furnished as day habilitation under the waiver" (Disabled and Elderly Health Programs Group, Center for Medicaid and State Operations, Centers for Medicare and Medicaid Services, & Department of Health and Human Services, 2015, p. 149). Although the waivers we examined followed the CMS technical guidance quite

closely and all detailed the same general services as described above, the flexibility granted to states by CMS was reflected in among definition details. We noted variability in terms of where the day habilitation could be provided, the targeted ages of participants, the size of settings, and the inclusion of meals and transportation. It should be noted that our description of these themes cite instances when states purposefully noted these items and it is unclear if an absence of an item means the services are not provided or the state simply omitted their response. For example, among day habilitation service definitions only 18 services (8.8%) specified a target or minimum age for participants. Of these, 10 services required the participants be children, two required they be working age, and one required they be adults. Five services also specified that both children and adults could be served.

According to the HCBS technical guidelines, "day habilitation may be furnished in any variety of settings in the community" (Disabled and Elderly Health Programs Group, Center for Medicaid and State Operations, Centers for Medicare and Medicaid Services, & Department of Health and Human Services, 2015, p. 149). Accordingly, the majority of the waivers we examined directly specified where day habilitation services could be provided. While 51 services required day habilitation be provided in a segregated facility setting, 70 services provided day habilitation in the community. Additionally, 33 services allowed day habilitation to be provided in *both* community and facility settings. Twenty-nine services allowed service provision in the participant's residence. Finally, 25 services only specified that day habilitation take place in "a non-residential setting separate from any home or facility in which an individual resides" (Ohio Self Empowered Life Funding Waiver, n.d., n.p.) but did not detail if the service should be provided in the community or a facility.

While 14 day habilitation services specified this service could be provided both on an individual basis and in groups, 36 services specified day habilitation was to be provided on a one-on-one basis, and 43 services specified day habilitation be provided in group settings. Thirty-three group day habilitation services went a step further and specifically noted necessary participant to staff ratios. Of those services, seven specified ratios between two and three and a half participants to one staff and eleven between three and a half and eight participants to one staff. Three services allowed a maximum ratio of 10 participants to one staff, and 11 services a maximum of 16 participants to one staff. Finally, Pennsylvania OBRA Waiver's (n.d.) 'Structured Day Habilitation - Enhanced 2:1' service specified a "staff-to-individual ratio of 2:1 or greater" as it was aimed at "those individuals that require continual assistance…to ensure their medical or behavioral stability" (n.p.)

Another trend among day habilitation services was that the majority (*n* = 115 services, 55.6%) specified covering the costs of transporting the participant between their residence and the day habilitation facility or to the community. Finally, a number of services (*n* = 16 services, 7.8%) also specified the inclusion of meals within their day habilitation. Although many of these services providing meals, such as Nebraska Day Services Waiver for Adults with DD's 'Community Inclusion Day Habilitation Day' service, did specify that "meals provided as part of these services shall not constitute a 'full nutritional regimen' (3 meals per day)" (n.d., n.p.)

Service Expenditures

In FY 2014 $5.62 billion of spending was projected for day habilitation services for approximately 380,000 participants. However, spending varied widely by service, ranging from $1.85 for Indiana Family Supports Waiver's 'Facility Based Support Services' (one participant) to $1.25 billion for New York OPWDD Comprehensive Renewal Waiver's 'Day Habilitation'

(31,551 participants), with the average service projecting spending $27.38 million. The average spending per capita – day habilitation spending per person of the state's general population –for the states providing these services was $22.36. Spending per capita allows us to compare spending across states while controlling for state size. Table 1 details this projected spending and spending per capita by state. Independent samples *t*-tests between states with any type of Employment First initiative and states with no Employment First initiatives revealed no significant differences in terms of total projected spending ($t(38) = 1.27$, $p = .21$) or spending per capita ($t(38) = 1.15$, $p = .26$).

Spending per participant ranged from $1.85 for Indiana Family Supports Waiver's 'Facility Based Support Services' to $68,629 for West Virginia Mental Retardation/Developmental Disability Waiver's 'Participant-Centered Support – Traditional.' While on average services projected spending $12,011 per participant, 48.3% ($n = 99$) of services projected spending between $0 and $10,000 per participant, 35.6% ($n = 73$) of services between $10,001 and $20,000, 11.7% ($n = 24$) of services between $20,001 and $30,000, 2.0% ($n = 4$) of services between $30,001 and $40,000, 1.5% ($n = 3$) of services between $40,001 and $50,000, and 1% ($n = 2$) of services between $60,001 and $70,000. An independent samples *t*-test revealed no significant differences between Employment First states and states with no initiatives in terms of average spending per participant ($t(38)= .60$, $p = .55$).

Of those services that specified in their definition where day habilitation was to be provided, on average $11,111 of spending was projected per participant in community settings, while $8,867 of spending was projected per participant in facility-based settings. Of those services that specified in their definition day habilitation was to be provided to individuals

$12,429 of spending was projected on average per participant, while $9,046 was projected on average per participant receiving group day habilitation.

Service rates. Waivers allocated day habilitation services using a number of different rates, including hourly, daily, and monthly. Six services also paid by other rates: decremental, unit, block, per event. Most often day habilitation services were paid by hourly rate (n = 150), with the average service paying an hourly rate of $21.15. As with spending per participant, hourly rates varied widely ranging from $1.85 an hour for Indiana Community Integration and Habilitation Waiver, and Family Supports Waivers' 'Facility Based Support Services' to $116.24 an hour for Massachusetts Children's Autism Spectrum Disorder Waiver's 'Expanded Habilitation, Education - Senior Therapist.' Twenty-six day habilitation services (17.2% of hourly rate services) provided hourly rates between $0 and $10.00 an hour, 68 services (45.0% of hourly rate services) between $10.01 and $20.00, 29 services (19.2% of hourly rate services) between $20.01 and $30.00, 18 services (11.9 % of hourly rate services) between $30.01 and $40.00, two services (1.3%) between $40.01 and $50.00, two services (1.3%) between $50.01 and $60.00, three services (2.0%) between $60.01 and $70.00, and three services (2.0%) above $70.00 an hour.

Forty-eight services provided day habilitation using daily rates. Ranging from $25.18 a day (Texas Home and Community-based Services Program waiver's 'Day Habilitation, Intermittent' service) to $268.70 a day (Nebraska Day Services Waiver for Adults with DD and Comprehensive DD Waiver for Adults waivers' 'Community Inclusion Day Habilitation Day' service), the average daily rate was $79.90 a day. Seven day habilitation services (14.6% of daily rate services) provided daily rates between $0 and $40 a day, 25 services (52.1% of daily rate services) between $41 and $80 a day, 11 services (22.9% of daily rate services) between $81 and

$120 a day, two services (4.2% of daily rate services) between $121 and $160 a day, one service (2.1% of daily rate services) between $161 and $200 a day, and 2 services (4.2% of daily rate services) between $241 and $280 a day.

Three services provided day habilitation using monthly rates. The average monthly rate was $1,158.29. California HCBS Waiver for Californians with Developmental Disabilities' 'Therapeutic/Activity-based Day Services' had a monthly rate of $50 a month. Idaho Children's Developmental Disabilities Waiver's 'Learning Support' service had a monthly rate of $201 a month. Finally, New York OPWDD Comprehensive Renewal Waiver's 'community habilitation' service had a monthly rate of $3,223.86.

Service provision per year. Of those services that were provided hourly, the average participant was projected to receive 645 hours of day habilitation services per year, ranging from 1 hour per participant per year (Indiana Family Supports Waiver's 'Facility Based Support Services') to 6,041.25 hours per participant per year (West Virginia Mental Retardation/Developmental Disability Waiver's 'Participant-Centered Support – Traditional' service). See figure 1.

For daily rate services, the average participant was projected to receive 176.44 days of day habilitation per year, ranging from 27 days per participant per year (Nebraska HCBS Waiver for Children with Developmental Disabilities and Their Families' 'habilitative child care – day' service) to 352 hours per participant per year (Individual and Family Support Waiver's 'Group Day Supports per diem' service). One daily rate service (2.1% of daily rate services) provided between 0 and 50 days of day habilitation per participant per year, six services (12.5% of daily rate services) between 51 and 100 days a year, six services (12.5% of daily rate services) between 101 to 150 days a year, 17 services (37.5% of daily rate services) between 151 and 200

days a year, 16 (33.33% of daily rate services) between 201 and 250 days a year, and one service (2.1 % of daily rate services) between 350 and 400 days a year.

For monthly rate services, the average participant was projected to receive 11.11 months of day habilitation per year. New York OPWDD Comprehensive Renewal Waiver's 'community habilitation' service 10.58 months per participant per year on average, California HCBS Waiver for Californians with Developmental Disabilities' 'Therapeutic/Activity-based Day Services' provided 11 months of day habilitation per participant per year on average, and Idaho Children's Developmental Disabilities Waiver's 'Learning Support' service 11.75 months per participant per year on average.

Discussion

Of the 110 Medicaid HCBS 1915(c) waivers for people with IDD, 71.8% (n = 79) provided day habilitation services in FY 2014. Day habilitation services were designed to develop participants' skills to participate in activities of daily living (ADLs), socialization, and personal choice. Day habilitation services were provided both on a one-on-one basis and in groups. Of those day habilitation services provided to groups, ratios ranged from two participants to one staff to sixteen participants to one staff. While many day habilitation service definitions specified they were to be provided in segregated facilities, more services specified the provision of day habilitation services in the community. The majority of day habilitation services also mentioned the inclusion of transportation services. A number of day habilitation services also specified the provision of meals.

In FY 2014, $5.62 billion of funding was projected for day habilitation services. In fact, day habilitation was the second largest projected service HCBS expenditure in FY 2014, second only to residential habitation (*citation removed for review*). However, we found wide variance in

terms of total projected spending per service, projected spending per participant, reimbursement rates, and service provisions per participant per year. For example, hourly day habilitation rates ranged from an average of $1.85 an hour to $116.24 an hour. Meanwhile, daily rates ranged from $25.18 a day to $268.70 a day, averaging $79.90 a day. For comparison Anderson et al.'s (2012) examination of adult day centers for older people and people with disabilities found an average daily rate of $61.71 in 2009.

The average spending per participant also varied widely from $1.85 to $68,629. Moreover, while on average participants was projected to receive 645 hours of day habilitation per year for hourly rate services, average service provision per participant per year also ranged from 1 hour a year to 6,041 hours a year. While the variation across HCBS day habilitation services may appear extreme, it is relatively common among HCBS waiver services for people with IDD. Examination of other HCBS 1915(c) waiver services for people with IDD, such as dental, mental/behavioral health, or transportation, have revealed similar trends (*citations removed for review*). The flexibility granted to states by CMS allows states much leeway in terms of how they provide services. State differences, including ranging fiscal landscapes, may contribute to great variation across states and waivers. This wide variation may also be a reflection of state priorities in terms of day services and supported employment. There is no way to pinpoint the causes of these differences, as CMS does not require states explain their decisions. An examination of state decision making in terms of spending priorities and day habilitation would be a fruitful direction for future study.

When interpreting our findings one limitation is important to note: HCBS waivers are state projections made to the federal government, not utilization data. However, HCBS waivers are an accurate proxy of services because they are based on utilization data from previous waiver

years (*citation removed for review*). *Citation removed for review* also found HCBS waivers to be "congruent with spending patterns identified by researchers at Mathematica (Irvin, 2011, September) who used 2008 Medicaid Statistical Information Systems claims data from 44 states and Washington, DC, to determine trends in waiver expenditures across the states" (pp. 19-20). Another limitation of our study is that from the bounds of our data we are not able to determine how day habilitation funds trickle down to the local level – how agencies are implementing HCBS funding for day habilitation services.

Implications for Community Inclusion

The CMS settings rule requires person centered planning – LTSS needs to be directed by the preferences and goals of participants (Medicaid Program, 2014). This requirement is especially pertinent for employment, training, and education (CMS, 2014; Medicaid Program, 2014). Moreover, the new rule requires participants be *meaningfully* integrated into the community; participants must be in settings where they interact with both people with and without disabilities and "access community services the same way that people without disabilities do" (State of Tennessee, n.d., p. 1). Segregated facility-based day habilitation programs do not comply with the settings rule as paid staff are typically the only nondisabled people participants in this setting interact with (State of Tennessee, n.d.). Our analysis revealed, a significant portion of services allowed day habilitation to be provided in segregated facilities in FY 2014. As Medicaid funding can no longer be used to provide services that do not comply with the settings rule as of March 2019 (State of Tennessee, n.d.) our findings reveal a large number of states are will need to revise their HCBS day habilitation programs.

One way states can comply with the settings rule is to transition their programs to "ensure that people participating in facility-based programs for some portion of their day or week also

have opportunities to engage in work or non-work activities in integrated community settings" (State of Tennessee, n.d., p. 5). Critics of traditional day services such as day habilitation argue these services do not effectively promote social inclusion and are actually less cost-effective than more integrated approaches (Conroy, Irvine, & Ferris, 2010; Lingwood, 2005). As such, there have been a number of shifts away from traditional segregated day habilitation. For example, Wallace (2014) promotes a creative arts and curriculum based day habilitation model that focuses on self-esteem, social skills, decision-making, and relationships to the community. If states are to continue using this day habilitation infrastructure they must ensure they do so in a way that promotes community integration utilizing new models such as suggested by Wallace (2014).

Community based non-work has also been growing rapidly (Butterworth et al., 2015; Sulewski, Butterworth, & Gilmore, 2006). However, Sulewski et al. (2006) suggest community based non-work is problematic because its focus on

> group and disability-specific activities… may limit its potential for community integration. In these activities and programs, the primary social interaction is likely to be with other individuals with disabilities and with staff. Although such activities are physically located in the community, they do not necessarily contribute to community membership because opportunities to meet and interact with community members not involved in disability services are limited. (p. 5)

Moreover, community based non-work programs may shift attention away from employment (Sulewski et al., 2006). While Medicaid prioritizes integrated employment as the *primary* goal (Butterworth et al., 2015; Centers for Medicare and Medicaid Services, 2011; Sulewski & Timmons, 2015), Sulewski et al. (2006) suggest state agencies are already considering

community based non-work as “an alternative—rather than a supplement—to employment” (p. 5).

Another option for states needing to revise programs to comply with the settings rule is to shift funding towards supported employment. With support from supported employment services people with IDD, even those people with IDD considered not otherwise employable, are able to work in integrated settings (Braddock et al., 2015). Supported employment services allow people with IDD to “bridge the gap between their skills and the requirements of their job to maintain competitive integrated employment” (Braddock et al., 2015, p. 45). By design supported employment services are more integrated and consumer directed than day habilitation services. In addition to higher wages and increased hours worked, integrated employment has been found to promote better health, higher productivity, expanded social relationships, heightened self-determination, and better emotional well being compared to day services such as day habilitation (Beyer et al., 2010; Butterworth et al., 2015; Hall & Kramer, 2009; Mank, 2003; Murphy, Rogan, Handley, Kincaid, & Royce-Davis, 2002).

Despite more favorable outcomes for supported employment than day habilitation (CITE), our findings revealed almost seven times more funding was projected for day habilitation than ($5.62 billion) than supported employment ($813.15 million) by HCBS IDD waivers in FY 2014 (*citation removed for review*). Day habilitation services projected spending more on average per participant than supported employment services ($12,011 versus $6,693) (*citation removed for review*). The average participant was also projected to receive more day habilitation services per year than supported employment services (645 versus 292 for hourly rate services) (*citation removed for review*). This may be partially due to the nature of day habilitation services – they require larger service provision per participant per year than

supported employment. It is also possible because of lower expectations those with higher support needs are funneled into day habilitation rather than supported employment. The implications of our findings suggest states should expand their HCBS waiver funding of supported employment services, especially compared to day habilitation services, to promote the employment of people with IDD. This is especially crucial because HCBS waivers are currently the largest provider of the supported employment infrastructure for people with IDD. Despite the limited funding provided to supported employment services by HCBS waivers, waivers funded more than two-thirds of all supported employment services for people with IDD in FY 2013 (Braddock et al., 2015).

Our findings that there were no significant differences between Employment First states and those with no Employment First initiatives in terms of total projected spending, spending per capita, or average spending per participant suggests both types of states are utilizing day habilitation services relatively equally. This finding implies that despite increased employment priorities, Employment First states have yet to make sweeping changes to the way they provide day habilitation services through HCBS waivers – the largest provider of LTSS for people with IDD. In fact, reflecting this, people with disabilities currently have less job security, and experience more supervision, less training, and less decision-making than in the past (Butterworth et al., 2015; Schur, Kruse, Blasi, & Blank, 2009)

To remedy these disparities, Butterworth et al. (2015) suggest

> States need to clearly define their expected outcomes, and then develop rates and methodologies that adequately compensate providers for achieving these goals. Keeping funding strategies goal-focused includes not only developing incentives but eliminating disincentives to achieving policy aims…Strategies that

> characterize high-performing states include flexibility in funding and policies; communication of values through data, rewards, and funding incentives; and innovation diffusion through relationships and training. (pp. 10-12)

In addition to a restructuring of HCBS waiver priorities, larger systems change is needed to address these disparities. School staff, job developers, rehabilitation providers, transition specialists, and family all impact employment-related decision-making, including adults with IDD and their families' choices regarding facility- and community-based employment (Butterworth et al., 2015). Employment disparities also reflect larger social and culture barriers related to traditional expectations, and stereotypes that equate disability with unemployability (Parker Harris, Renko, & Caldwell, 2013; Parker Harris, Renko, & Caldwell, 2014). Even people with IDD with the highest support needs *can* work in integrated community-based settings with the right supports (Center for Medicare and Medicaid Services, 2011; Migliore at al., 2007; Rogan & Rinne, 2011). The HCBS waiver is the perfect vehicle for states to provide these integrated supports.

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Table 1
HCBS Day Habilitation Services for People with IDD in FY 2014

State	Waivers providing these services	Projected spending (in millions)	Spending per capita
Alabama	2	$58.47	$12.06
Alaska	1	$34.41	$46.68
California	1	$792.85	$20.44
Colorado	2	$55.93	$10.44
Connecticut	3	$99.34	$27.64
Delaware	1	$10.49	$11.21
Idaho	1	$24.76	$15.14
Illinois	1	$152.45	$11.83
Indiana	2	$64.32	$9.75
Iowa	1	$23.23	$7.47
Kansas	2	$110.71	$38.14
Kentucky	2	$93.54	$21.20
Louisiana	3	$10.78	$21.31
Maryland	1	$137.15	$103.10
Massachusetts	4	$103.93	$15.39
Michigan	1	$57.42	$5.79
Minnesota	1	$186.86	$34.24
Mississippi	1	$7.49	$2.50
Missouri	4	$12.14	$2.00
Montana	2	$15.74	$15.38
Nebraska	3	$4.78	$2.54
Nevada	1	$9.08	$3.20
New Hampshire	1	$46.56	$35.06
New Mexico	1	$5.52	$2.65
New York	2	$1814.56	$91.88
North Carolina	3	$350.61	$35.27
North Dakota	2	$38.77	$52.39
Ohio	3	$152.38	$13.14
Oklahoma	4	$109.99	$28.35
Oregon	1	$16.9	$4.26
Pennsylvania	5	$390.28	$30.51
South Dakota	1	$18.96	$22.22
Tennessee	3	$91.16	$13.92

Texas	3	$102.66	$3.81
Utah	1	$25.05	$8.51
Virginia	3	$102.05	$12.25
Washington, DC	1	$11.27	$17.07
West Virginia	1	$145.1	$78.49
Wisconsin	2	$123.51	$21.45
Wyoming	1	$2.18	$3.73

Note. Spending per capita is equal to day habilitation spending per person of the state's general population (population data was gathered from U.S. Census Bureau (2015)).

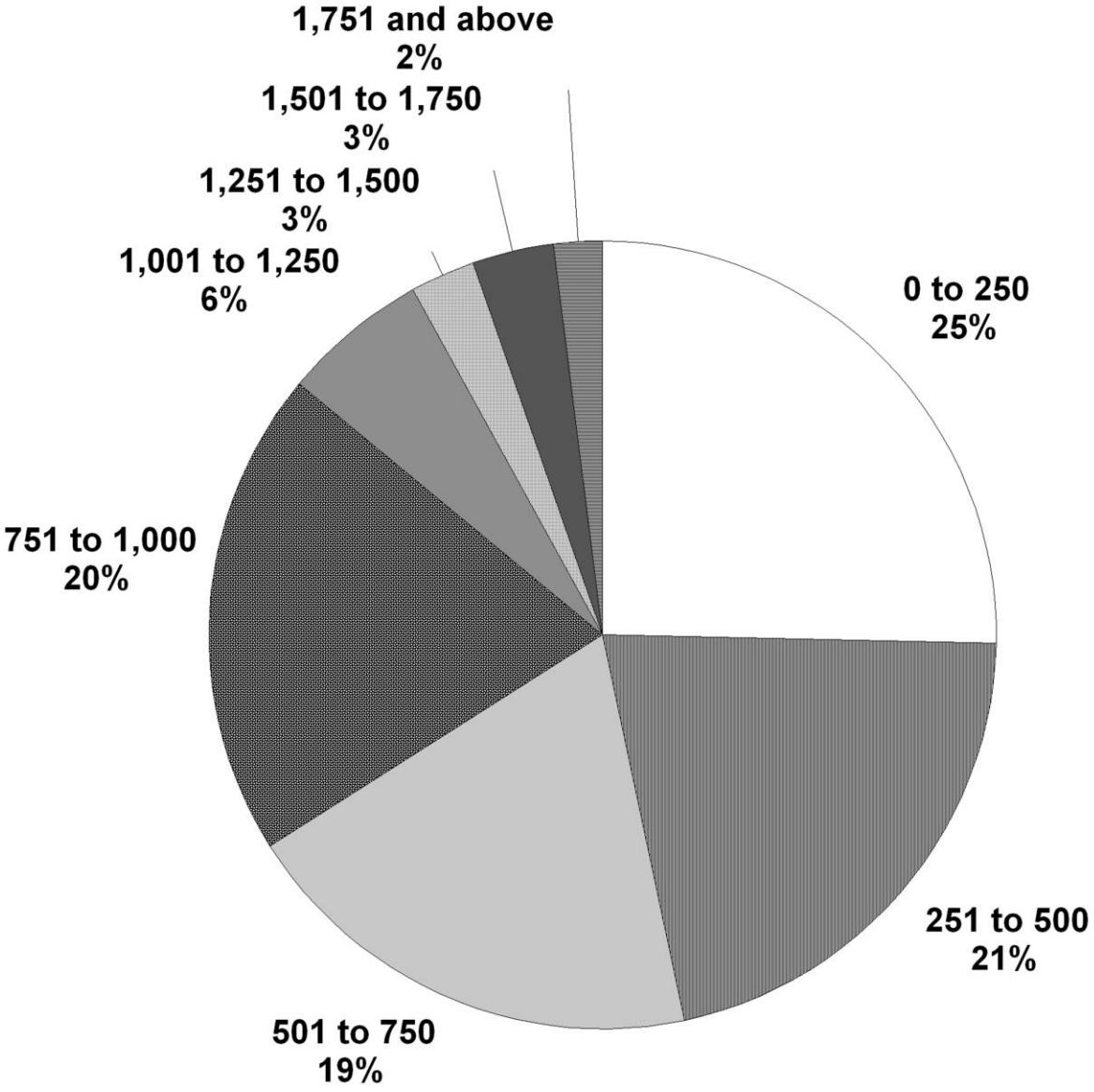

Figure 1. Day habilitation services per year per participant for hourly rate services.