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Deborah Metzel
University of Massachusetts Boston

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The Extent of Consumer-Directed Funding by MR/DD State Agencies in Day and Employment Services

by Deborah Metzler

Introduction

Individual control over service delivery and life choices is well established as a value in supports for individuals with developmental disabilities. One policy-based strategy for expanding individual control is the use of mechanisms that provide for consumer direction of funding resources. This manuscript reports on the prevalence of consumer-directed funding for day and employment services, and the mechanisms that states are using to implement consumer-directed funding.

Since 1988 the Institute for Community Inclusion has surveyed State MR/DD agencies to track trends, changes, and adoption of innovative practices in day and employment services. The fiscal year 1999 survey contained many of the same items as previous surveys to extend the longitudinal tracking of state-funded services. With the advent of mechanisms intended to shift choice and control to the consumer, a module was added to the FY1999 survey to capture data on the availability and use of consumer-directed funding. For the purpose of this survey, consumer-directed funding was defined as: "Mechanisms by which individuals control the funds allocated for their employment or day services by directly purchasing supports and/or choosing the vendors."

Methods

In 2000, a survey requesting FY99 data was sent to each state agency and the District of Columbia. Figure 1 on page 2 displays the respondents and non-respondents. Forty-four State MR/DD agencies (86%) responded to the survey. Of those forty-four, thirty-nine completed the section on consumer-directed funding.

Findings

Of the 44 states that responded to the survey, only 50% (22) reported that consumer-directed funding was available for day and employment services through their agency.

Thirty-nine percent (17) of the state agencies reported that such funding was not available. For 1999, the 22 state agencies reported that a total of more than 9400 individuals used consumer-directed funding for employment or day services, usually ranging from 15 to over 200 per state agency.

A *fiscal intermediary* was the most frequently used mechanism, reported by 77% (17) of the states that offered consumer-directed funding.

In eleven states it was one of two or more available mechanisms. **Vouchers** were used in 5 states. **Direct cash**, the mechanism that appears to give the most

consumer control, was only reported by four states, as was **consumer control of a formal bidding process**. The **Other** category, mentioned in 3 states, included individuals authorizing the provider to directly bill the State agency and individually budgeted amounts for each person who chooses their provider (see Table 1 on page 2).

Eleven of the twenty-two agencies identified two or more mechanisms for consumer-directed funding. Interestingly enough, the other eleven state MR/DD agencies that used only one mechanism identified it as fiscal intermediary or other.

Key aspects of the service module on consumer-directed funding included:

- > Four mechanisms, identified from the literature:
 - a. Direct cash payment (disbursement or reimbursement to individuals for their employment or day program expenses)
 - b. Vouchers
 - c. Fiscal intermediary (e.g. brokers, micro-boards, agencies)
 - d. Consumer control of a formal bidding mechanism (e.g. individualized requests for proposal)
- > Consumer choice of resources:
 - a. State authorized vendors only
 - b. Any vendor
 - c. Any source, including family, friends or generic community resources.
(For both mechanisms and resource options, "other" was included in the survey)
- > State agency goals, i.e. starting or expanding consumer-directed funding programs.

Table 1. Frequency of Mechanisms

MECHANISM	# of states used
Fiscal Intermediary	17
Vouchers	5
Direct Cash payment	4
Consumer control of bidding	4
Other	3

A majority of the states (68%) only offered one choice of supports/services/vendors and that one choice was predominantly *state authorized vendor only*, contributing to the question of genuine choice.

Of the 15 states that offered only one choice, nine offered *state authorized vendors only*. Three of the 15 states allowed *other*, two states offered *any vendor*, and one state allowed *any source*. Only one state offered 3 resource choices, noting that funding sources controlled the freedom to choose. Respondents were asked to indicate all appropriate responses. Though the choice of *state authorized vendor only* would seem to preclude another choice, two state agencies marked *state authorized vendor only* and another choice, with notes of explanations (e.g. different funding streams) for this (see Table 2).

Table 2. Frequency of Resource Options

RESOURCE OPTIONS	# of states offered
Authorized Vendor Only	11
Any Vendor	8
Any Source	8
Other	3

Eight state agencies that permitted *authorized vendors only* and thirteen state agencies that allowed *any vendor* or *any source* used *fiscal intermediaries*.

The use of fiscal intermediaries both by states that limited choice of resources as well as states that did not limit choice suggests that variations in the characteristics of fiscal intermediaries, such as type and connection to funding agencies, may reveal significant associations in choice of resources. Table 3 displays the distribution of responses across both mechanism and consumer choice of resource survey items.

Figure 1. Consumer-Directed Funding by State MR/DD Agencies in FY99

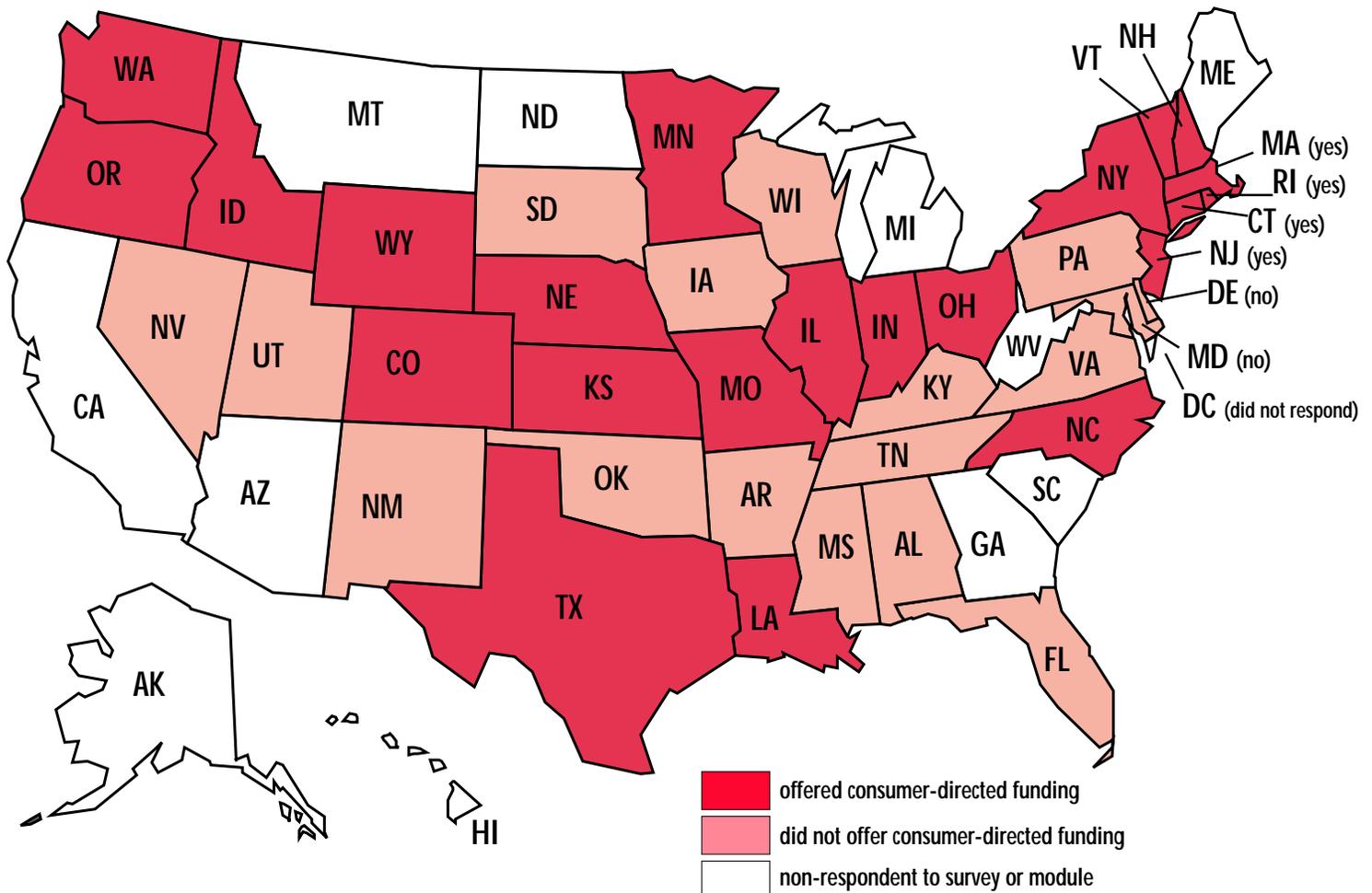


Table 3. Frequency of Mechanisms and Choice of Resources

RESOURCES	MECHANISMS				
	Direct Cash Payment	Vouchers	Fiscal Intermediary	Consumer Control of Bidding	Other
Authorized Vendor Only	2	3	8	2	2
Any Vendor	2	2	6	1	1
Any Source	2	3	7	1	1
Other	0	1	1	0	2

However, the mechanism may be less important than freedom of choice of vendors. The number of states indicating that only authorized vendors could be selected implies that there continues to be considerable control over consumer's choice of

A little more than half (25) of the 44 states indicated the intent to begin or increase the use of consumer-directed funding.

Seventy-seven percent (17) of the agencies that used such funding plan to increase its use and 47% (8) of the agencies that did not use consumer directed funding in 1999 plan to implement it in the future (see Table 4). Six states (four that used and two that did not use consumer directed funding in 1999) specifically mentioned that they planned to expand consumer directed funding through the Medicaid Home and Community Based Services Waivers. Of those six states, three — Illinois, Minnesota, Pennsylvania — were early users of the Medicaid waiver for supported employment in 1988. All six states currently use the Medicaid waiver for supported employment.

Discussion

Despite the growing emphasis on self-determination in the field of developmental disabilities, the results of this initial survey on the use of consumer-directed funding by state MR/DD agencies suggest limited implementation. While twenty-two states reported the availability and use of consumer-directed funding for day and employment services in fiscal year 1999, half of those states also reported that funding could only be used with authorized vendors (this included the two states that also offered another choice).

The mechanism of a fiscal intermediary was indicated in 77% of the states that offered consumer-directed funding, and it was associated both with access to authorized vendors only and the choice of any vendor or source of support. Since fiscal intermediaries vary in their composition and connection to the funding agencies, research into their characteristics may prove useful for determining their role in the consumer's choice of resources. Likewise, due to the variations in types and responsibilities of fiscal intermediaries, we cannot assess how much control consumers actually have through this mechanism.

providers. Furthermore, in those states that only permit authorized vendors, we do not know how many are authorized. If the number of authorized vendors is limited, how can the practice of offering only authorized vendors be reconciled with the concept of choice that is the basis of consumer-directed funding and self-determination?

Certainly this initial data collection indicates that more detailed information is needed to evaluate the availability and use of consumer-directed funding. This survey also reveals that we need to ask about choices of vendors of employment and day services from both the agencies' and consumers' perspectives.

Table 4. Expansion and Implementation Plans

PLANS	Offered CDF mechanisms & resources in FY99	Did not offer CDF mechanisms & resources in FY99
Plan to expand or implement CDF	17	8
No plans to expand	5	9
Total	22	17

This analysis contributes to a number of broader questions:

- Is consumer-directed funding more about administrative practices than consumer choice?
- In the states where only authorized vendors are permitted, how large is the pool of authorized vendors?
- What do consumers, their families, support people, and advocates need to know to have genuine control of their funding and choices for employment and day programs?
- How do states that are planning to increase its use and those that have no plans to increase its use differ?

Resources

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For more information about this study, contact:

Deborah Metzel
Institute for Community Inclusion
300 Longwood Avenue
Boston, Massachusetts 02115
(617) 355-4068 (v); (617) 355-6956 (TTY)
deborah.metzel@tch.harvard.edu

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Institute for Community Inclusion/UAP
300 Longwood Avenue
Boston, Massachusetts 02115

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