

# State Agency Promising Practice

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## Oklahoma's Outcomes-based Rate Setting System

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### Background

Oklahoma's Developmental Disabilities Services Division (DDSD) realized the need for increased attention towards the goal of community-based employment for individuals they served. Initially, rates were based on a vendor's costs of providing direct services such as job development and job coaching. It became increasingly apparent that claims for vocational services oftentimes reflected staff activities (e.g., job development, client assessment, and service delivery documentation), which may have been occurring without the direct involvement of the service recipient. In some situations, this resulted in long-term job development with little success in actually acquiring a job. In 1995, DDSD elected to focus on outcome-driven rates. Reported costs were aggregated and divided to get the cost of the outcome for an hour of work with the consumer. Vendors providing supported employment services are paid an hourly rate based on the number of hours that an individual is employed, regardless of the number of hours that the individual receives support. This rate system provides higher funding for integrated employment settings versus segregated settings, and higher rates for individual versus group employment. The system also provides incentives for providers to develop jobs with more work hours and to fade job support as quickly as possible.

### Implementation

In tandem with funding changes, and to reinforce their objectives of increasing employment, DDSD instituted a series of policy changes. DDSD chose to explicitly outline their integral philosophy and values in the Oklahoma Administrative Code (OAC), the official compilation of agency rules and executive orders for the State of Oklahoma. The OAC states that the goal of service delivery for Employment Services funded by DDSD is full-time employment. The OAC

lists expectations as well as options and contingencies for ensuring an individual is moving toward the desired employment outcomes.

The OAC outlines highly defined service categories and parameters regarding payment of rates. These clear and direct definitions have allowed DDSD to build a foundation for rates that reflect the services delivered. More specific information on each definition is available from the Oklahoma Administrative Code ([www.okdhs.org/library/policy/oac340/100/17/](http://www.okdhs.org/library/policy/oac340/100/17/)).

The most notable result of the outcomes-based rate setting system was that funding structures were altered significantly to reflect the hours worked rather than the services received by the individual. Furthermore, higher rates are offered for community-based rather than center-based services and more recently for individual employment supports versus group employment supports.

In addition, Oklahoma needed a mechanism to address the needs of persons with significant ID/DD. An enhanced rate was developed to specifically support this population (See Table One below). Eligibility for the enhanced rate is based on a set of strict criteria (including behavioral support, assistance for mobility and safety due to visual impairments or personal assistance needs).

While enhanced rates address the needs of those who require more complex supports, Oklahoma's time-limited stabilization services encourage providers to establish natural supports sooner rather than later. Stabilization services are provided when the job coach intervention time required at the job site is 20% or less of the individual's total work hours for four consecutive weeks. Reimbursement is based upon the number of hours the individual is paid at minimum wage or higher

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for up to two years per job. This limit on stabilization services came about after discovering that individuals wanted greater independence from providers

As noted above and in Table 1, there are different rate structures for individual and group services (\$16/individual and \$12/group). One unintended consequence of this structure is that reimbursement rates based on hours of work in group settings are creating an incentive for providers to support group placements instead of individual placements.

**TABLE 1**

SERVICE	RATE	PAYMENT BASIS
Individual Placement in Job Coaching	\$16/hour	Amount of time individual is compensated by employer at minimum wage or above in individual placement
Job Coaching Regular Rate (Group)	\$12/hour	Amount of time individual is compensated by employer
Job Coaching Enhanced Rate (Group)	\$14/hour	Amount of time individual is compensated by employer
Stabilization and Extended Services	\$5/hour	# of hours service recipient is employed at minimum wage or above
Employment Training Specialist (ETS) services: Assessment, Intensive Job Development.	\$21.85/hour	Staff time

## Impact

The outcomes-based rates reinforce integrated employment and clarify the expectations and responsibilities of service providers in terms of outcomes to the individual, rather than in terms of staff performance activities. Providers are no longer paid to “develop a job”; they are paid only when the participant is actually working.

A recent assessment of day activities demonstrated a significant increase in participation in paid work and integrated programs after implementation of the outcomes-based contract. Policies to support employment, highly defined service categories, parameters regarding payment of rates, and direction by the individual’s personal support team maximize opportunities for paid work and integrated programs.

## Suggestions for replication

- » Oklahoma has benefited from clear definitions and policies at the onset. By explicitly outlining their philosophy and values, they have more effectively built a foundation for accurate rates.
- » Oklahoma’s outcomes-based funding structure has a number of incentives for community employment, including higher reimbursement rates for both community-based and individual employment supports and higher overall levels of income to providers if they develop jobs with more paid work hours per week.
- » Oklahoma’s enhanced rates provide an incentive for agencies to provide community employment services to service recipients with significant needs.
- » DDS has chosen to pay more for the outcomes they want and pay less for the outcomes they see as less desirable.
- » All services are to be individualized to the person, including the pace of transitioning to different service categories.

**For more information on this practice contact [thinkwork@umb.edu](mailto:thinkwork@umb.edu)**



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