VOICES FOR OHIO'S CHILDREN

MEDICAID BRAIDED FUNDING

POLICY BRIEF

November 2013

A FLEXIBLE, COORDINATED, AND SUSTAINABLE APPROACH TO FUNDING STATE PROGRAMS AND SERVICES IN SEVERAL STATES

ABOUT
VOICES FOR OHIO'S CHILDREN

Voices for Ohio's Children *advocates for public policy that improves the well-being of Ohio's children and their families by building nonpartisan collaborations among the private, public and not-for-profit sectors.*

OUR VISION

is for children's interests to be at the top of every community's agenda so all of Ohio's children are poised for success. To build a greater community, we must begin with greater kids. Voices for Ohio's Children helps ensure that the needs of Ohio's 3 million children are prioritized at the local, state and federal levels. Our advocacy organization plays a big role in educating and influencing the community and public officials about sound public policies that help children succeed.

ABOUT THE CONTRIBUTORS

Aleksandra Panovksa, *author of the Medicaid Braided Funding Brief, is the Policy and Advocacy Coordinator at Voices for Ohio's Children. Prior to her work at Voices, Aleks served as a Legislative Aide to two members of the Ohio House of Representatives. With expertise in public policy research and analysis, Aleks has an intimate understanding of state government through her years of experience advancing legislation on a number of topics.*

Brandi Scales *is the Director of Communications and Policy Associate at Voices. Brandi Scales' has been instrumental in developing and implementing policy that impacts children and families at both the state and federal levels. She empowers youth and child advocates across the state with training and tools for effective advocacy. Her policy expertise includes juvenile justice, child welfare, after-school/out-of-school time, and youth development.*

Sandy Oxley *is the Chief Advocacy Officer of Voices. She has expansive expertise in children's health policy, legislative and administrative advocacy and building statewide networks. Before working for Voices, Sandy held leadership positions with Tobacco Free Ohio and The Center for Child and Family Advocacy.*

JP Design *(Jennifer Peters) brings design implementation to briefs and marketing materials for Voices for Ohio's Children. With a diverse background and more than 12 years of marketing and design experience, JP Design brings passion and expertise to a wide variety of communication projects.*

A special thanks to Dr. Mark Redding for his contribution to this work related to braided funding and home visiting.

BRAIDED FUNDING HAS BEEN USED IN OHIO AND ACROSS THE UNITED STATES TO PROVIDE SERVICES FOR INDIVIDUALS WITH MENTAL HEALTH NEEDS.

Introduction

Voices for Ohio's Children believes that children win big when policy makers invest in their well-being. As the Ohio General Assembly considers various proposals to reform Medicaid, this brief seeks to educate decision makers by describing an alternative funding strategy, "braided funding", to maximize efficiency in the Medicaid program and to improve outcomes. While we recognize that these reform efforts are significant and could possibly change the way Ohio manages Medicaid, any potential solution with regards to Medicaid should ensure improved health outcomes, cross-systems collaboration, accountability, and cost containment—while also maintaining policy gains that we have experienced for children and families. Novel ways to provide Medicaid coverage to eligible children and adults must offer comparable benefits and be cost-effective, both for families and Ohio's budget. We've made remarkable progress on covering uninsured children, let's make sure that children are front and center as we continue to implement health reforms. As Voices attempts to be a valuable resource and provide policy expertise, we look forward to working with the legislature and administration to ensure that Ohio continues to build on our progress.

What is Braided Funding?

The term "braided funding" is a mechanism that stretches taxpayer dollars further by pooling dollars from multiple sources. These dollars are then used in combination to produce greater strength, efficiency, and effectiveness in government-sponsored programs and services. Some states—including Ohio—have had success braiding funding from their respective departments of mental health and vocational rehabilitation to provide services such as employment and independent living supports to individuals with mental health needs and other states have also used this concept to expand home visiting programs to encourage better birth outcomes. Braided funding is an innovative approach that allows states to blend several different funding streams to stretch taxpayer dollars further.

By keeping funding streams visible, braided funding allows for resources to be tracked closely for the

purpose of accountability, which, in turn, promotes long-term sustainability. Braided funding can also offer strategies to allocate dollars based on evidence-based practices and measurable outcomes in order to increase efficiency. Much emphasis on cross-systems collaboration is often placed on data collection and reporting requirements, thus promoting shared fiscal responsibility and eliminating duplication of efforts. This policy brief serves to illustrate innovative ways in which braided funding has been used in Ohio and across the United States to provide services.

States that wish to braid Medicaid dollars in conjunction with resources from other state agencies and departments have several options to increase efficiency of taxpayer dollars. However, Medicaid regulations limit states to spending Medicaid dollars only for services and activities provided to Medicaid-eligible populations. Braided funding has proven to be a flexible, coordinated, and sustainable approach to funding state programs and services in several states, and should be expanded to supplement Medicaid dollars in Ohio.

Braided Funding in Ohio

Recovery to Work:

Ohio is already using braided funding to provide rehabilitation services to individuals with mental illness and/or drug addiction in order to move them toward recovery and employment. "Recovery to Work" is a collaborative effort between the Opportunities for Ohioans with Disabilities Agency (OOD—formerly the Ohio Rehabilitation Services Commission), the Ohio Department of Mental Health and Addiction Services (MHAS), and local Alcohol, Drug Addiction and Mental Health (ADAMH) Boards. Recovery to Work is a VRP3 program—a Vocational Rehabilitation Public and Private Partnership. Within the program, OOD has the authority to enter into third-party agreements and contract with state or local entities to develop a vocational rehabilitation program. In the case of Recovery to Work, OOD has contracted with ADAMH Boards to develop the programs. OOD maintains a percentage of the dollars for programming and the remainder goes to the contract to serve individuals with disabilities specific to the agreement.[1]

Recovery to Work is a multi-systemic approach that combines vocational rehabilitation services with alcohol, drug addiction and mental health services for five priority populations in the state of Ohio: individuals addicted to opiates, individuals with a mental illness and/or addiction involved with the criminal justice system, youth and young adults in transition with a mental illness and/or addiction, veterans with a mental illness and/or addiction, and individuals with severe and persistent mental illness. It is a combined effort of local ADAMH Boards, OOD, and MHAS to fund and operate 50 local Recovery to Work programs throughout Ohio.[2]

As many as 80% of people with mental illness are unemployed due to their condition, and the number is even higher for individuals with severe mental illness.[3] Recovery to Work aims to reduce that number with the use of vocational counseling and/or treatment. Once applications are assessed and eligibility is determined, Individual Plans for Employment (IPEs) are developed that ultimately result in job placement.[4] Experts in the behavioral and mental health fields acknowledge that employment is a key factor in recovering from a mental illness and/or drug or alcohol addiction. For many of these individuals, securing work enables them to feel confident and accomplished, and it propels them to becoming productive members of society.

AS MANY AS 80% OF PEOPLE WITH MENTAL ILLNESS ARE UNEMPLOYED DUE TO THEIR CONDITION.

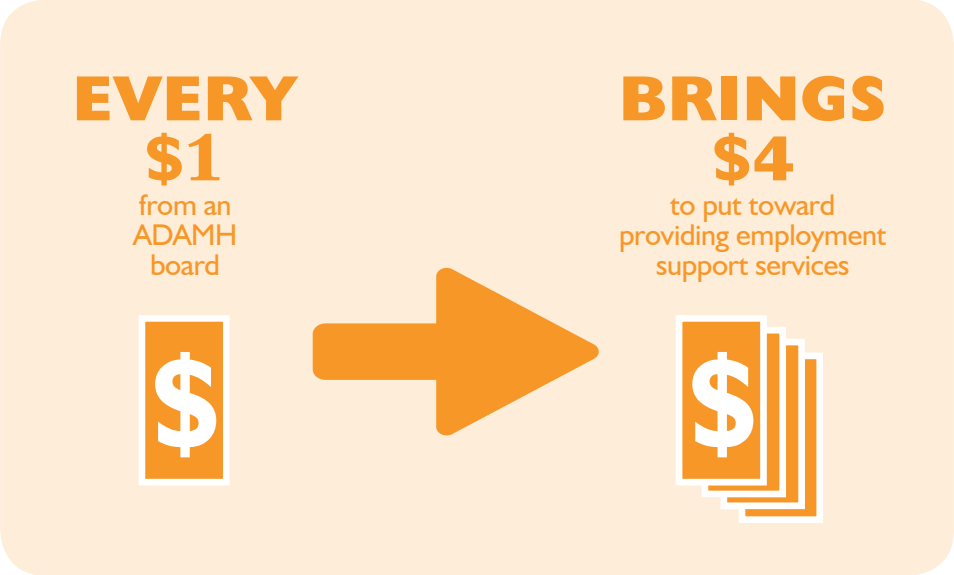
How it Works:

In 2011, local ADAMH boards committed $9 million to the statewide project, which allowed OOD to draw down $27 million in matching federal dollars.[5] From there, ADAMH Boards contracted with local agencies to provide the vocational rehabilitation and behavioral health treatment services to eligible consumers, creating an integrated system to better serve Ohioans in need. For every dollar put forth by an individual ADAMH board, they received an additional $3 in federal funds, resulting in a total of $4 to put toward providing employment support services.[6] By a ratio of 3:1, Ohio was able to stretch dollars further to provide vocational rehabilitation services to the thousands of individuals in the state who suffer from mental health issues and/or drug and alcohol addiction.

Recovery to Work's Return on Investment:

By helping individuals overcome their setbacks and helping them realize their potential, we are investing in local economies and helping them thrive. From October 1, 2011 through August 1, 2012, Recovery to Work processed 5,763 applications, approved more than 2,000 IPEs, and successfully placed 42 individuals into employment.[7] The Ohio Department of Taxation estimates that, for each employed Ohioan, the combined state and local annual average tax gain is roughly $2,500. This means for every individual who successfully completes the Recovery to Work program, diverting them away from institutionalization or incarceration and toward recovery and into gainful employment, an extra $2,500 a year is pumped into state and local economies. Through Recovery to Work, Ohio has already realized over $100,000 in tax gains from the 42 individuals who have been successfully employed thus far. Therefore, it is in the best interest of our economy to utilize these braided funding streams to provide the treatments needed for individuals to recover from mental illness and/or addictions, and to become contributing members of society.

THROUGH RECOVERY TO WORK, OHIO HAS ALREADY REALIZED OVER $100,000 IN TAX GAINS FROM THE 42 INDIVIDUALS WHO HAVE BEEN SUCCESSFULLY EMPLOYED THUS FAR.



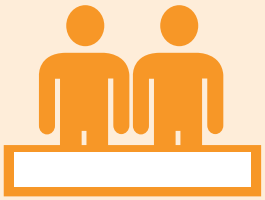
1. www.recovery2work.org
2. Ibid.
3. National Alliance on Mental Illness.
4. RSC/ODADAS "VR Services: Administrative Funding Flow," March 17, 2011.
5. Federal matching dollars came from the U.S. Department of Education, Rehabilitation Services Administration (RSA).
6. Ohio Association of County Behavioral Health Authorities: "Recovery to Work," May 11, 2011.
7. www.recovery2work.org

IN NEARLY 1 YEAR:

5,763
Recovery to Work applications were processed

2,000
IPEs were approved

42
individuals were successfully employed



Braided Funding and Home Visiting

Maternal and infant health care comprises a large portion of Medicaid expenditures; in Ohio, Medicaid finances 45% of all births.[8] Home visiting programs not only improve the short-term health of mothers and young children, they also reduce overall lifetime healthcare expenditures. Because of the high cost of remedial care for poor birth outcomes, several state Medicaid agencies have committed themselves to ensuring healthy pregnancies, which lead to positive birth outcomes and successful early child development.

Pathways Community Hub Model:

Another example of successful braided funding within Ohio is our own nationally recognized Pathways Community HUB Model. Community Health Access Project (CHAP) first developed Pathways with dollars tied to specific outcomes through a Job and Family Services contract in Franklin County. There are now four regional HUBs throughout Ohio.

The HUB model provides an accountable strategy to focus on those at greatest risk, identify their needs—health, behavioral health, social and employment—and then connect individuals to evidence-based interventions to address those needs and prevent poor health outcomes. The model has been used for both at-risk children and adults, with a specific research focus on high risk pregnant women.

At the care coordination agency level, the HUB model works to promote accountability and quality focus. In Richland County impoverished census tracts with rates of low birth weight (LBW) greater than 20% were identified as the target population (geocoding). The identified high risk pregnant women received a full assessment by an Ohio Board of Nursing certified Community Health Worker (CHW). Issues identified for intervention included: lack of prenatal care; lack of stable housing, food insecurity, adult education and employment needs, etc. Each of these identified health and social issues then became a defined and measurable Pathway. The care coordinator and their agency are reimbursed based on confirmation that each of these issues is addressed and the Pathways are completed with positive results. In the Pregnancy Pathway, final payment and accountability is based on the high risk pregnant mother receiving appropriate prenatal care and the infant being born at a healthy birth weight. In addition, if the mother was homeless, then the Housing Pathway would be used to measure establishment of suitable and stable housing. Individuals receiving this type of care coordination are

8. Ohio Governor's Office of Health Transformation: "Ohio's Transformation to Person-Centered Health and Human Services," October 2012.

IN OHIO, MEDICAID FINANCES 45% OF ALL BIRTHS

also assisted in connecting to educational resources and employment. Research confirms that addressing health, social and behavioral health issues demonstrates the best potential for achieving positive outcomes.

At the community or regional level, the HUB model also works to promote quality and eliminates duplication of services. Care coordination agencies currently function as silos within the community. In the HUB model, all participating agencies providing community care coordination must register new clients at the HUB to make sure that another agency is not already providing care coordination. The HUB assures that participating agencies within the community are focusing care coordination services on those at greatest risk and that the Pathways and work provided are monitored for quality and accountability. The Pathways Community HUB model provides the tools, outcome reporting and payment strategies to help improve quality and outcomes, while reducing costs. Through communication, collaboration, and built-in incentives, the HUB increases the efficiency and effectiveness of care coordination within communities. The Community HUB has the infrastructure to effectively coordinate multiple care coordination funding streams to help eliminate duplication and assure accountability for results.

Rather than allow providers of health and social services within a region to continue functioning in isolated silos, the HUB requires them to work collaboratively, reaching out to those at greatest risk and connecting them to evidence-based interventions, with a focus on prevention and early treatment. Quality assurance is also provided at the HUB to reduce duplication, lower costs, improve health status and reduce inequities in services. In short, the HUB guarantees a connection to community resources and holds providers, practitioners, employers, families, and individuals accountable for desired outcomes. (For more information about the HUB, visit **www.innovations.ahrq.gov/guide/quickstartguide/commhub_quickstart.pdf**)

The HUB model is built in such a way that any community can tailor it to fit their specific needs and targeted at risk populations. The model has been used nationally by programs focused on at-risk children, adults with chronic diseases, recently released prisoners needing health care and employment, as well as many other issues. Currently, care coordination contracts most often focus on caseloads, chart notes and other process related activities. In the HUB model, payment is based on achieving documented quantifiable outcomes.[9]

There are three guiding principles to each HUB:

- FIND: Identify those at greatest risk
- TREAT: Ensure treatment through evidence-based interventions
- MEASURE: Document and evaluate benchmarks and final outcomes.[10]

These principles identify the needs of a target population, and assure meaningful connections are made that produce measurable outcomes. More than a dozen HUBs are located across the country in addition to Ohio. These community models can also be found in California,

9. www.chap-ohio.net
10. PATHWAYS COMMUNITY HEALTH ACCESS PROJECT: "Pathways, Building a Community Outcome Production Model."

MORE THAN A DOZEN HUBs ARE LOCATED ACROSS THE COUNTRY IN ADDITION TO OHIO.

Nebraska, Washington, Missouri, Oregon, New Mexico, Michigan, Oklahoma, Indiana, Texas, and Massachusetts. Most of these communities participated in the Community Care Coordination Learning Network, sponsored by the Agency for Healthcare Research and Quality's Health Care Innovation Exchange, which connects people with innovative solutions that improve health care and reduce disparities.[11]

Better Birth Outcomes:

CHAP has worked with the Ohio Department of Health and OSU to accomplish research demonstrating a significant improvement in birth outcomes and reduced cost.

The Richland County HUB is supported by braiding together multiple funding streams including: Medicaid managed care, Help Me Grow, The Ohio Infant Mortality Reduction Initiative (OIMRI), United Way, churches and private donors. To assure that only one primary care coordinator serves each family, the model provides the structure to support payment tied to specific Pathways. As an example of fully developed braided funding using the HUB model, a pregnant mother is identified with many issues—lack of prenatal care, homelessness, depression, adult education and employment needs. Instead of having multiple separate care coordinators addressing each of these funding streams, one trained and supervised care coordinator can be assigned to address these issues. A smaller amount of payment then can be focused to pay for each Pathway with payment going back to the appropriate payer and funding stream. This braided funding strategy has not been fully realized, yet represents a significant potential to promote further non-duplication of service and improved quality of care.

The Kresge Foundation has funded a three-year national Pathways Community HUB Certification initiative. Certification of HUBs can result in an approach that assures funders and policy makers that community care coordinators are appropriately trained and supervised, that the agencies involved have the appropriate reporting and related quality focused procedures, and that the HUB—as the center of the community network—is able to assure non-duplication, outcome improvement and cost savings as part of an organized regional intervention.

11. Agency for Healthcare Research and Quality: "Community hubs ensure better care for the most vulnerable," June 2011.

Braided Funding in Other States

Ohio is not the only state that has used braided funding as an innovative strategy to cover services that help individuals with mental health needs live independently and find employment. Illinois and Maryland have also been successful in combining Medicaid funding with other sources to stretch dollars further and provide employment assistance services to populations with mental health needs. Available services vary widely and depend on how states have set up their Medicaid options and waivers, as discussed in more detail below. Because Medicaid is directed by federal guidelines and is administered by the states, eligibility requirements, coverage, services, and delivery systems are not uniform across the country.

Illinois

A braided funding model between the Division of Mental Health and the Division of Rehabilitation Services in Illinois was used to create The Individual Placement and Support (IPS) Supported Employment Services program. These services are offered in 18 mental health centers across the state, and are funded by contract awards through the Division of Mental Health, along with milestone payments from the Division of Rehabilitation Services based on successful employment outcomes. The Medicaid Rehabilitation Option (RO) is another tool Illinois uses to offer services and supports to individuals with mental health needs—particularly illness management, peer specialists, community support programs, mobile crisis intervention services, and employment assistance. In Illinois, RO is used to fund engagement services (general interventions related to treatment and recovery goals) and job development (therapeutic support to assist with managing illness and symptoms).[12] RO can also be used in conjunction with other funding mechanisms such as Targeted Case Management to provide services to targeted populations in specific geographic areas.

ILLINOIS' INDIVIDUAL PLACEMENT AND SUPPORT SERVICES ARE OFFERED IN 18 MENTAL HEALTH CENTERS ACROSS THE STATE.

12. Ibid.

ACCORDING TO A 2010 PEW SURVEY, 15 STATES LISTED PARTNERSHIPS WITH MEDICAID AS A BRAIDED FUNDING SOURCE FOR AT LEAST ONE HOME VISITING PROGRAM.

Maryland

An innovative collaboration between the Mental Health Agency (MHA), Division of Rehabilitation Services (DORS), and Medicaid funds IPS services within Maryland. When an individual with mental illness expresses interest in employment to his/her supported employment services provider, the provider seeks prior authorization from the local MHA, which sets off a sequence of supported employment services funded by all three agencies. MHA provides funding for the mental health vocational assessment, benefits counseling, and other pre-placement services. DORS then funds job development services, MHA provides funding for services related to job placement, DORS uses vocational rehabilitation dollars for intensive job coaching, and MHA uses state funds (including Medicaid allocations) for ongoing supported employment services to maintain employment and psychiatric rehabilitation.[13]

Braided Funding and Home Visiting in Other States

Illinois, Kentucky, Michigan, Wyoming, and Washington are examples of other states that have successfully used Medicaid braided funding to draw additional dollars for home visiting programs. Funded services include medical care, behavioral health care, health education, counseling, and assistance with obtaining social services. Programs typically begin during a woman's pregnancy, and may last for a short time after the birth or for various lengths of time throughout the child's early and formative years. According to a 2010 PEW survey, 15 states listed partnerships with Medicaid as a braided funding source for at least one home visiting program. [14]

13. Ibid.
14. The PEW Center on the States & National Academy for State Health Policy: "Medicaid Financing of Early Childhood Home Visiting Programs: Options, Opportunities, and Challenges," June 2012.

Medicaid Waivers

Other braided funding mechanisms to provide support for innovative Medicaid programs include waivers, which can be used to provide targeted services to certain individuals. The 1915(i) Home and Community-Based Services Option is used by states to support individuals with mental illness in "attaining and sustaining competitive work.[15] Eligibility criteria for the 1915(i) waiver are based on needs rather than institutional level of care, which makes it an attractive option for states that wish to use it to fund employment services for specific individuals covered by Medicaid. The 1905(a) Preventive Services waiver is another vehicle to provide coverage for certain optional services (such as home visiting). States that wish to use the 1905(a) waiver must demonstrate that by providing particular preventive services, negative health outcomes (and the associated long-term costs) can be avoided.[16]

The 1915(b) Freedom of Choice waiver is commonly used by states that have set up Medicaid managed care programs. The 1915(b) waiver provides states the flexibility to limit the number of providers as well as limiting services to a target population and/or a targeted geographic area within the state. It allows states to use cost savings to reinvest and provide additional services, promoting program efficiency and sustainability.[17] In addition, the 1115 Research and Demonstration Program is used by states to propose, design, and evaluate innovative ways to "further the objectives of the Medicaid program."[18] The 1115 Program allows states the opportunity to test small-scale innovations which, if found to result in favorable outcomes, could be implemented on a larger level.

WAIVERS CAN BE USED TO PROVIDE TARGETED SERVICES TO CERTAIN INDIVIDUALS.

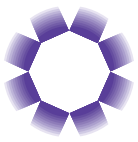
15. Ibid.
16. The PEW Center on the States & National Academy for State Health Policy: "Medicaid Financing of Early Childhood Home Visiting Programs: Options, Opportunities, and Challenges," June 2012.
17. Ibid.
18. US Department of Health and Human Services: Assistant Secretary for Planning and Evaluation Office of Disability, Aging and Long-Term Care Policy: "Federal Financing of Supported Employment and Customized Employment for People with Mental Illnesses," February 2011.

Conclusion

A relatively recent notion, braided funding uses a variety of methods to provide services through meshing together state general revenue funds, block grants, federal dollars, and other sources of money. Braided funding is a tool for Ohio to build a more comprehensive service delivery system that maximizes existing funding while "braiding" in new sources wherever possible. It can function properly only if there are clear channels of communication that allow for integrated collaborations between local, state, and/or federal agencies and departments.

By pooling different resources, braided funding produces greater impact beyond the scope of what any single funding stream can mobilize on its own. It lessens the financial burden on any one funding stream by building integrated delivery systems. Most importantly, braided funding allows for innovative ways of combining state and federal revenue and bringing it into circulation directly to communities all across the state. It is a proven opportunity that Ohio has already taken advantage of with home visiting, vocational counseling and treatment for individuals with addictions and mental health needs—and it is a strong option for funding a myriad of other programs and services for the population served by Medicaid.

BRAIDED FUNDING IS A TOOL FOR OHIO TO BUILD A MORE COMPREHENSIVE SERVICE DELIVERY SYSTEM THAT MAXIMIZES EXISTING FUNDING WHILE "BRAIDING" IN NEW SOURCES WHEREVER POSSIBLE.



VOICES FOR
OHIO'S CHILDREN

MEDICAID BRAIDED FUNDING

VOICES FOR OHIO'S CHILDREN

Cleveland office:
3634 Euclid Ave., Suite 101
Cleveland, OH 44115

Columbus office:
490 City Park Ave., Suite B
Columbus, OH 43215

toll-free: 877.881.7860
RaiseYourVoiceForKids.org

Follow us at **VoiceOhioKids** on Twitter
Friend us at **Voices for Ohio's Children** on Facebook

Voices for Ohio's Children *advocates for public policy that improves the well-being of Ohio's children and their families by building nonpartisan collaborations among the private, public and not-for-profit sectors. Our vision is for children's interests to be at the top of every community's agenda so all of Ohio's children are poised for success. To build a greater community, we must begin with greater kids. Voices for Ohio's Children helps ensure that the needs of Ohio's 3 million children are prioritized at the local, state and federal levels. Our advocacy organization plays a big role in educating and influencing the community and public officials about sound public policies that help children succeed.*