HealthWest
Muskegon's Behavioral Wellness Connection

Procedure Title: Self-Directed Services	Procedure #: 06-020	Review Dates	
Category: Quality Improvement **Subject:** Self-Directed Services	**Prepared by**: Name: Mackenzie Curtis Title: Self-Directed Services Coordinator **Approved by:** DocuSigned by: Rich Francisco AA7FBD48ABB04A3... Rich Francisco, Executive Director	09/19/2025	
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I. PURPOSE:

This document sets the standards for the use of self-directed and choice vouchered services, supports, and individual budgets for behavioral health services as overseen by HealthWest of Muskegon.

HealthWest will ensure that self-directed services are available to all individuals, no matter where they live in Muskegon County and will actively assist individuals that choose to self-direct. Any reference to Self-Directed Services also applies to Choice Voucher with appropriate substitutions for family and child throughout the document.

II. APPLICATION:

All HealthWest primary workers, qualified providers and administrative staff.

III. DEFINITIONS:

Agency Supported Self-Direction (Also Known as Agency with Choice)
This allows the individual to direct as much, or as little employer and administrative responsibilities as agreed upon in the Individual Plan of Service (IPOS) and Agency Agreement while a provider agency serves as employer of record.

Choice Voucher Arrangements
Choice Voucher is the name for Self-Directed Services for individuals under the age of 18. This is because children cannot independently direct their services until adulthood.

Direct Hire or Direct Employment Model
The Direct Hire or Direct Employment Model is an option of self-direction where the individual is considered the employer of record and has the authority to hire, fire, supervise, and manage individual, aide level workers.

Employer of Record
The Employer of Record is the term for the individual who is a legal employer. In much of this document, an individual who is self-directing will be considered the employer of record or a managing employer.

Financial Management Service Provider
A Fiscal Management Service Provider is an organization or individual independent of the CMH system that assists employers to manage the dollars self-directed budgets.

Individual
For the purposes of this document, “individual” means an individual receiving behavioral health services and supports.

Individual Budget
An individual budget is the amount of money from CMH given to pay for behavioral health services and supports as listed in the IPOS. By using an individual budget, individuals have the power to make meaningful choices about how they control their services and live their lives.

Managing Employer
A managing employer is the individual or designee who is acting in a supervisory role but is not considered the legal employer of record. All parents/guardians in a Choice Voucher Arrangement are considered managing employers.

Person-Centered Planning
Person-centered planning is a collaborative, person-directed process designed to assist an individual to plan their life and supports.

Prepaid Inpatient Health Plan (PIHP)
A PIHP is a managed care organization that provides Medicaid services and money to the CMHSP to pay for Specialty Mental Health Services and Supports in an area of the state. There are 10 PIHPs in Michigan.

Purchase of Service Agreement or Direct Contract
A Purchase of Service Agreement is an option of self-direction where the individual can contract directly with a professional level provider including those who are not already on the provider panel. The individual has the authority to terminate the contract and set wages based on the CMHSP contracted rate for that service.

Qualified Provider
A qualified provider is an individual or agency that meets the federal and state requirements in their contract to provide mental health services and supports.

Self-Determination
Self-determination (SD) is the right of all individuals to have the power to make decisions for themselves; to have free will. The goals of SD, on an individual basis, are to promote full inclusion in community life, to feel important, and increase belonging while reducing the

isolation and segregation of individuals who receive services. SD builds upon choice, autonomy, competence, and relatedness which are building blocks of psychological wellbeing.

Self-Direction or Self-Directed Services
Self-direction is an alternative method for obtaining supports and services. It is the act of selecting, directing and managing one's services and supports. Individuals who self-direct their services are able to decide how to spend their CMH services budget with support, as desired.

The methods of self-direction are crafted with the principles of self-determination.

Principles of Self-Determination	Self-Directed Outcomes
Freedom	Deciding how to live a good life
Authority	Controlling a targeted amount of dollars
Support	Organizing resources in ways that are life enhancing and meaningful
Responsibility	Using public funds wisely
Confirmation	Having a role in redesigning the service system

**All definitions are from the MDHHS Self-Direction Technical Requirement Implementation Guide Version 2.3*

Supported Decision-Making
Supported Decision-Making is a process that enables individuals receiving services to retain and exercise their rights and make and communicate choices in regard to personal and legal matters assisted by a group of people they know, trust, and have chosen to support them.

Supported Decision-Making is an alternative to guardianship. Instead of having a guardian make a decision for the individual, Supported Decision-Making allows the individual to make his/her own decisions.

Supports Broker
A Supports Broker is a paid support that helps the individual find and get the needed services and supports in their IPOS. A Supports Broker has a clear focus on helping individuals identify and meet goals to increase independence and quality of life. Supports Broker(s) may be employed by a CMHSP or other entities.

IV. PROCEDURE:

1. Self-Directed Services and supports are set up using a Person-Centered Planning Process from which an Individual Plan of Service (IPOS) for medically necessary services and an individual budget are developed.

2. Self-Directed Services (Choice Voucher for under 18-year-old individuals) must be offered to all individuals receiving services from HealthWest.

3. Options must include all of the following:
    a. Direct employment (the individual is the employer of record).
    b. Use of any qualified provider agency that can serve as employer of record for staff selected by the individual (Agency Supported Self-Direction). The CMHSP and/or PIHP contractual language with provider agencies assures personal selection and changes of staff.
    c. Direct contract (Purchase of Service Agreements) arrangement between individual and independent provider(s).
    d. Financial Management Services and Supports Brokers must be available.

4. Self-Directed Services are implemented through partnerships between HealthWest and the individual directing his/her services through a Self-Direction Agreement. This agreement describes the responsibilities and authority of both parties. Please refer to the Self-Directed Services Agreement housed in the Electronic Health Record, Latitude 43.

5. Choosing Self-Directed Services does not change an individual's access to the services he/she needs or those available from HealthWest so long as medical necessity criteria and benefit coverage eligibility remains.

6. Self-Directed Services do not reduce HealthWest's responsibilities to individuals receiving services nor negate its responsibility to assist individuals in finding providers for services.

7. All Medicaid Services and Supports terms apply (i.e. documentation, financial accountability, monitoring, quality improvement) including reporting and provider qualifications.

8. The Office of Recipient Rights has investigative authority for Specialty Mental Health Services and Supports including Self-Directed Supports and Services.

9. HealthWest primary workers will follow the self-directed services referral process to make sure there are no gaps in services during transition to or from Self-Directed Service arrangements.

10. Individuals will be fully informed about the meaning of Self-Directed Services, all models and possible ways to control, manage, and account for their individual budget. This education will occur during the pre-planning process in preparation for the Individual Plan of Service. Please see the pre-planning document in the clinical record.

11. HealthWest will provide education and training to ensure a common understanding of Self-Directed Services is made available throughout its network, including
    a. Administrators
    b. Case Managers/Supports Coordinators
    c. Direct Support Professionals
    d. Supports Brokers
    e. Individuals and their Families
    f. Agency-based Staff
    g. Others

12. All person-centered planning processes, service delivery, and budget planning will support individuals to make decisions about and control their own lives. This means employees of HealthWest will actively commit to promoting self-direction and support the decisions individuals who self-direct make about how to meet the goals of their IPOS within the parameters of the individual budget.

13. Accountability for the use of public funds must be a shared responsibility of HealthWest and the individual, consistent with the fiduciary obligations of HealthWest. Medical necessity, fiscal responsibility and the wise use of public funds shall guide the individual

and HealthWest in reaching an agreement on the allocation and use of funds comprising an individual budget.

14. HealthWest Finance staff will have access to all Self-Determination Budgets. Once a month, the Claims team will receive a report from the FMS for services provided. These will be audited monthly to monitor fiscal accountability and performance.

15. HealthWest will make sure that information and outreach materials about Self-Directed Services (or choice voucher) are offered to all individuals served. Individuals must have all information in a format accessible to them.

16. HealthWest will provide ongoing support and assistance to individuals managing and controlling the supports they are directing. Examples include, but are not limited to:
    a. Information about the options for Self-Directed Services
    b. Individual rights and responsibilities
    c. Available resources
    d. Supported decision making
    e. Training – including documentation, service delivery, role of employer, role of employee, and budgeting
    f. The use of a supports broker
    g. Informal representative
    h. Access to independent advocacy organizations (e.g. Disability Rights Michigan, local Arcs, United Cerebral Palsy, etc.)
    i. Active management of the individual budget
    j. Staff recruitment, selection, management and dismissal
    k. Access to a Self-Directed Services coordinator and administrative assistant

    In addition to the above, HealthWest will provide support for other issues related to Self-Directed Services such as coaching, mentoring, training, or other paid services needed for success.

17. Within the Direct-Employment model, instances will occur when the employer and HealthWest must work in partnership to ensure concerns are addressed. Some examples of these are:
    a. The worker does not/no longer meet(s) provider qualifications
    b. Concerns related to acceptable Medicaid documentation
    c. The employer of record does not follow Medicaid requirements
    d. Documentation is inconsistent with timesheets.
    e. Incomplete trainings
    f. Fraud, waste, and/or abuse

V. KEY ELEMENTS OF SELF-DIRECTED SUPPORTS AND SERVICES:

1. Employer Authority
   Employer authority means the individual recruits, hires, supervises, directs, and fires the support staff. The individual acts as the common law employer.

2. Budget Authority
   Controlling an individual budget is a core part of Self-Directed Services. The individual budget is a projected amount of public mental health funds named in dollar terms within the context of medical necessity. With the budget spending plan, the spending authority is with the individual.

In order for an individual to have budget authority, the budget must be:

Accessible – meaning the individual has complete understanding of how they can control and make changes to the budget when needed.

Portable – meaning the individual must be able to change and transfer budget resources from one provider to another (includes one CHMSP/PIHP to another).

Flexible – meaning flexible spending – individual controlled use of dollars and amount of services identified in the IPOS within a fixed budget. Changes to the budget should not require a change to the IPOS unless services are terminated or increased.

3. Financial Management Services: A CMHSP is required to contract with a Financial Management Service provider. The Financial Management Service provider maintains compliance with its CMHSP contract requirements. Financial Management Service Providers are here to support the independent lifestyle that self-direction offers. The Financial Management Service providers assist individuals with payroll processing, taxes, budget management, and other fiscal aspects of employing staff and assist individuals with managing funds consistent with the Financial Management Services Technical Requirements.

4. Reduction to the Individual Budget: Prior to reduction of the Self-Directed Services Individual Budget, HealthWest will send a Notice of Adverse Benefit Determination. A reduction in budget must be in response to an identifiable change in the beneficiary's need.
    - A budget reduction and terminations made during the term of the IPOS shall be treated as a "reduction, suspension, or termination" for purposes of internal appeal and Fair Hearing rules.
    - A budget reduction or termination made at annual renewal (e.g., during the PCP process between the time of pre-planning and when the plan is signed) must be treated as a denial of requested service AND the beneficiary must be notified in writing 14 calendar days before the PCP meeting for annual renewal.

5. Ending Self-Directed Services Arrangement, Grievance and Appeal Rights: An individual may voluntarily end a Self-Directed Service arrangement at any time for any reason. The CMHSP and/or PIHP must work together with the individual to transition to another service arrangement through the person-centered planning process. Discontinuation of a self-direction agreement, by itself, shall neither change the IPOS, nor eliminate the obligation of the CMHSP/PIHP to ensure Specialty Mental Health Services and Supports required in the IPOS are provided.

   Ending self-directed service arrangements may be initiated by either the individual or HealthWest. Before they can end Self-Directed Services, HealthWest must inform the individual of the issues that have led to the possibility of ending self-direction arrangements, in writing. They also must provide opportunities for problem solving. The individual must be involved in all problem-solving attempts. Ending self-direction arrangements are only done if other mutually agreeable solutions have been exhausted. If there is no resolution, then HealthWest, acting on the PIHP's behalf, will issue a Notice of Adverse Benefit Determination explaining appeal rights.

   Determining good cause to terminate the arrangement considers the following factors, as well as any other factor relevant to the case:

- Health and Safety Implications: The arrangement is ended due to significant health, safety, and/or legal issue that has and will continue to put the individual's health and safety at risk.
- Problem-Solving Opportunities: Required good faith efforts were made to meaningfully solve the issues leading to a decision to end the arrangement.
- Support Opportunities: Ongoing support and assistance was provided to the individual to self-direct their services (e.g., staff management, active budget management, education, services and supports broker).
- Training: The individual/employer of record was provided with adequate training on self-directed services arrangements and supports available.
- Written Notice: The individual/employer of record was provided with the obligatory written notice that the arrangement was at risk of termination.

Individuals in a self-directed service arrangement may challenge the termination of the arrangement in a Medicaid Fair Hearing.

6. Habilitation Support Waiver (HSW) Self-Directed Service Arrangements for Community Living Supports (CLS): For HSW beneficiaries who self-direct their services, both the IPOS and the individual budget are developed in conjunction with one another through the person-centered planning process. The individual and the CMHSP/PIHP must agree, during the Person-Centered Planning (PCP) process, to the amounts in the individual budget before the budget is authorized for the beneficiary's use.

   If the PCP process does not result in an agreed budget, the CMHSP/PIHP will set the budget and pending resolution through any internal appeal and Fair Hearing that the individual may pursue. When there is a preceding budget, the budget will be set equal to the immediately preceding budget. The IPOS must set forth, in detail and specificity, the amount, scope, and duration of the beneficiary's CLS services, as defined in the Community Living Supports section in the Medicaid Provider Manual. The activities and tasks constituting the "scope" of the services, for example, should be set forth in enough detail for their anticipated individual and cumulative cost to be ascertained.

   When denying or approving a limited authorization of a written or verbal request for inclusion of a service in the IPOS, or one or more specific aspects of the amount, scope, and duration of a service the item will be listed in a separate section of the IPOS titled "Requests Not Approved" and an Adverse Benefit Determination will be sent.

   The amount of the beneficiary's CLS budget is determined by costing out the medically necessary services and supports set forth in the IPOS. The budget shall:

   a. Consider staff wages and compensation, including:
      i. Consist of staff wages in amount sufficient to provide the medically necessary services identified in the beneficiary's IPOS ut that shall not exceed the staff wage necessary to do so, multiplied by the number of authorized units that staff member is expected to fill; and
      ii. Include Worker's Compensation, Unemployment Insurance, benefits (such as health insurance and retirement contributions), Human Resources (HR) requirements, required training, supervision, planning meetings, and payroll taxes.
   b. Include appropriate staff wage. Considerations for determining an appropriate staff wage may include, but are not limited to, CLS staff wages charged by self-determination providers in the community for similarly-situated CLS recipients; staff wages for the CLS beneficiary's self-determination providers

for other services; staff wages the CLS beneficiary has previously paid to CLS self-determination staff; staff wages requested by CLS self-determination staff that have responded to job advertisements posted by the CLS beneficiary; and the CLS beneficiary's efforts to locate staff at any given staff wage.

c. Consider the anticipated costs of the activities and task determined to be part of the CLS services "scope" and which shall be costed out separately.
d. Include the beneficiary's anticipated transportation costs related to the CLS activities and tasks in the IPOS are likewise costed out separately with it being understood that staff transportation costs do not include home-to-workplace or workplace-to-home transportation time or expense for the staff member.
e. Be sufficient to implement the IPOS.

VI. REFERENCES:

Michigan Department of Health and Human Services Behavioral Health and Disabilities Administration Self-Directed Services Technical Requirements January 31, 2022

Michigan Department of Health and Human Services Behavioral Health and Disabilities Administration Self-Direction Technical Requirement Implementation Guide, Version 2.3 March 2024

Michigan Department of Health and Human Services Medicaid Provider Manual

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