



Date: March 14, 2025

To: Deaf Blind with Multiple Disabilities (DBMD) Providers
Financial Management Services Agencies (FMSA)
Local Intellectual and Developmental Disabilities Authorities (LIDDA)
Home and Community-based Services (HCS) Providers
Texas Home Living (TxHmL) Providers

Subject: Information Letter No. 2025-05
Additional Information on Home and Community-Based Services
Settings Rule Compliance for Employment Readiness Providers

This letter is a follow-up to Information Letter No. [2025-01](#) regarding the new employment readiness service, with additional details on ensuring compliance with the federal [Home and Community-Based Services \(HCBS\) Settings Rule](#).

The new employment readiness benefit became effective January 1, 2025. Employment readiness is available to individuals enrolled in the following waiver programs for individuals with intellectual or developmental disabilities (IDD):

- Home and Community-based Services (HCS) Program
- Texas Home Living (TxHmL) Program
- Deaf Blind with Multiple Disabilities (DBMD) Program.

As described in IL 2025-01, employment readiness must be provided in a setting that complies with federal HCBS requirements outlined at [42 C.F.R. 441.301\(c\)\(4\)](#). HHSC is required to assess all settings where employment readiness is provided for compliance with these requirements before employment readiness can be provided in the setting. Employment services settings and on-site individualized skills and socialization settings that

have already been assessed for compliance with the HCBS Settings requirements do not need to be reassessed before providing employment readiness in the same setting. Following is the process for ensuring compliance with the HCBS Settings Rule.

Process for Determining Compliance

Current Individualized Skills and Socialization Providers

In 2023, HHSC's Contract Administration and Provider Monitoring (CAPM) staff conducted on-site visits to individualized skills and socialization provider settings to assess for compliance with HCBS Settings requirements ([IL 2023-28](#)). Providers previously assessed by CAPM staff for compliance with the HCBS Settings requirements do not need to be reassessed before the provider delivers employment readiness services in the same setting. Appropriate evidence of compliance is an email from HHSC confirming compliance. Providers who have been assessed but did not receive confirmation of compliance may reach out by email to Medicaid_HCBS@hhs.texas.gov using the subject heading: "Employment Readiness Request for Confirmation of Settings Compliance."

Current Employment Assistance and Supported Employment Providers

In 2024, the Texas Medicaid Healthcare Partnership (TMHP) conducted on-site assessments of employment services providers where two or more individuals were grouped together for the purpose of receiving services at the same time ([IL-2024-08](#)) and where the provider had not previously been assessed as part of the individualized skills and socialization process. These providers also received an email from TMHP or HHSC confirming and proving compliance.

Employment Readiness Providers Who Have Not Been Assessed for HCBS Settings Compliance

All settings not previously assessed must be assessed for compliance with the HCBS Settings Rule prior to delivering employment readiness services. The provider must:

- Conduct a self-assessment using the HHSC-developed assessment tool. The tool can be obtained by emailing Medicaid_HCBS@hhs.texas.gov using the subject heading "Request for Employment Readiness Self-Assessment."
- Submit the completed self-assessment, along with required policy documents and photographic evidence to Medicaid_HCBS@hhs.texas.gov
- HHSC will conduct a review of the submitted assessment and documentation. HHSC may request additional information, such as an updated policy, or other evidence to demonstrate compliance.
- HHSC will notify the provider by email once the setting has achieved compliance.

HCS, DBMD, and TxHmL program providers must not subcontract with employment readiness providers that do not provide evidence of HCBS Settings compliance.

Reminder: Allowable Settings

Employment readiness must not be provided in the residence of an individual or another person.

If the setting is on the grounds of or adjacent to an institution such as intermediate care facility, or has the effect of isolating individuals from the broader community, contact HHSC at Medicaid_HCBS@hhs.texas.gov for additional guidance.

Questions

Email Medicaid_HCBS@hhs.texas.gov with questions related to this information letter or employment readiness using subject heading "Employment Readiness Question". Additional guidance and examples of how employment readiness should be delivered will be shared on the HHSC website. A GovDelivery alert will be released when the information is posted.

Sincerely,

[signature on file]

Katherine Layman
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Medicaid and CHIP Services