VRS REIMBURSEMENT FOR TRANSPORTATION

Background and Information Gathering

Issue Date: July 2, 2020

Note: This document contains background information, notes, and policy methodology published July 2, 2020 with the VRS Reimbursement for Transportation policy. This background information has been separated from the policy itself. The policy is available on the VRS website.

NOTES

VRS is committed to ongoing review of reimbursing costs related to transportation. A VRS working group with representation from different roles within VRS worked to put together the structure below. The working group received feedback from VRS RAMs, VRS leadership, and members of the Community Partners Committee. Paying for an “indirect” cost in this way is not something VRS has done. Without more information we cannot accurately predict what the budgetary effects will be. It is most prudent for VRS (as stewards of the taxpayer dollar and accountable to RSA and the state legislature) to take this step. Moving forward, VRS will engage in discussions around the efficacy of this structure, review VRS financial data, and ask community partners to provide us additional information about your costs in this area. We will monitor regularly and revisit the issue in the future.

At this time, a community partner that currently has travel differentials on their contract or a different transportation reimbursement rates such as mileage at the IRS rate MAY keep their current transportation reimbursement structure if they choose. OR those community partners may choose the new transportation reimbursement outlined below. The community partner must choose one transportation reimbursement structure. New community partners will only have the option to choose the new $28/hour transportation reimbursement structure.

The transportation reimbursement outlined below is available when providing hourly services, not the job placement and retention PBA. DEED-VRS understands there are transportation costs related to the PBA. However, further work will be required to determine what level of transportation costs are included in the current rate of the PBA milestones and how additional travel costs should be reimbursed. The job placement and retention PBA rates are being revisited as part of the MOU process with DHS and DEED-VRS will consider transportation costs during those discussions.

BACKGROUND

“Transporting an individual for purposes of their employment plan.”

- Currently, VRS can reimburse mileage costs for transporting an individual for the purpose of their employment plan, if the provider has a transportation/mileage reimbursement line item on their contract.

VRS Currently Does Not Reimburse Travel To and From an Individual
Currently, VRS has no mechanism to reimburse service provider staff for the time or cost it takes to travel to an individual, i.e. provider staff driving alone.

Currently, VRS does allow a “travel differential” on provider contracts, which permits that a higher rate can be charged for the time a direct service is being provided based on the needed travel to or from the individual.

The travel differential framework was available to all providers to include on contracts when they added Pre-ETS services in fall 2019.

Without the ability to be reimbursed for costs related to travel to and from an individual, many providers say that they are unable to serve some individuals who live in rural areas. This is particularly prevalent when providing Pre-ETS.

**VRS has not traditionally paid for indirect costs of providing services.**

- VRS is open to changing prior policy to pay for some costs related to transportation when a provider staff is traveling to and from the individual. VRS will continue to pay some costs related to transportation when a provider is transporting an individual for the purposes of their employment plan.

**TRANSPORTATION REIMBURSEMENT INFORMATION GATHERING**

**Reimbursement Rate Comparison with other State of Minnesota Systems**

- **DHS** reimburses for transportation expenses in several different ways. Upon consultation with DHS, VRS did not find a DHS rate system with which VRS could reasonably align.

- **State Services for the Blind** reimburses both Travel Expenses (most often vehicle IRS rate mileage) and Travel Time (cost of staff time in travel) at $25 per hour.

- The **Workers Compensation** system pays placement vendors half-rate for travel time plus mileage.

**Community Partner Cost of Staff Time**

- VRS is working from the premise that costs for community partner staff time ranges, on average, from $37 to $60 per hour.

- VRS gathered this information from a sample of community partners.

- These cost averages estimate the cost of staff time including wages, benefits, and overhead and administrative costs. The average is dependent upon factors that include specific job responsibilities (i.e. job coach vs. placement staff).

**Summary of Cost of Staff Time and Minnesota Systems Rate of Reimbursement for Cost of Staff Time in Travel**

- **$37 to $60** per hour: staff cost average as reported by a sample of VRS Community Partners.

- **$21.62** per hour: DHS reimbursement for cost of staff time in travel.

- **$25** per hour: SSB reimbursement for cost of staff time in travel.

- **$18 to $30** per hour: Workers Compensation reimbursement at half of staff cost
$28 per hour: VRS reimbursement for cost of staff time in travel.

Transportation Reimbursement Methodology

- VRS initially considered paying for costs related to the travel expenses (such as mileage/IRS mileage rate) as well as costs related to the staff time in travel. However, at this time, VRS will only reimburse costs related to staff time in travel. It is not fiscally responsible for VRS to make a more drastic change at this time without first taking a more measured approach and evaluating the financial implications to the program.
- VRS will provide a $28 per hour reimbursement rate for costs related to provider staff time in travel for general services.
- VRS understands that a provider’s costs (including wages, benefits, overhead, and administration) are likely higher than $28 per hour. Some VRS providers shared that their “all-in” hourly staff costs range from $37 to $60.
  - It isn’t feasible for VRS to reimburse all costs on a straight 1:1 basis. The rate of reimbursement is intended to offset costs such that the average cost of providing services over time is sufficient for the business operations of the community partner.
  - Again, VRS needs to take a more measured approach in order to evaluate the fiscal implications and efficacy of the model.
- VRS will evaluate the efficacy and value of the policy decisions and make adjustments if necessary. A recap of the policy decisions is below.
  - **Policy Decision 1:** Reimburse costs related to travel when a provider is transporting an individual for the purposes of their employment plan, AND when the provider staff is traveling to and from the individual.
  - **Policy Decision 2:** For general services, reimburse providers for “costs related to staff time in travel,” not “travel expenses” such as mileage.
  - **Policy Decision 3:** For general services, reimburse providers at $28 per hour.
  - **Policy Decision 4:** For Pre-ETS services, add travel time to the service authorization.
- The Transportation Reimbursement rate applies whether the provider staff is transporting the individual or is traveling to or from the individual. While VRS recognizes that important conversations related to an individual’s employment plan can take place while the individual is in the car, VRS has made the decision that “transportation is transportation.” Reimbursement for a particular service starts when the travel is complete.
- The transportation reimbursement outlined below is available when providing hourly services, not the job placement and retention PBA. DEED-VRS understands there are transportation costs related to the PBA. However, further work will be required to determine what level of transportation costs are included in the current rate of the PBA milestones and how additional travel costs should be reimbursed. The job placement and retention PBA rates are being revisited as part of the MOU process with DHS and DEED-VRS will consider transportation costs during those discussions.
• VRS’s transportation reimbursement is statewide. VRS understands each pocket of the state has different challenges related to transportation. Some areas of the state may see different challenges, but VRS sees challenges in all areas in the state. Thus, this reimbursement is available in the metro and greater Minnesota.