

VRS Reimbursement for Transportation Policy

To: VRS Community Partners

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SITUATION

VRS wants to find a way to fairly compensate providers by reimbursing reasonable transportation costs so those costs are not a barrier for community partners to providing services to individuals in the Vocational Rehabilitation program. VRS's primary goal with this change is to make sure services are available to the individuals we serve.

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" costs 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.

SUMMARY

- *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.

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.

NEW DEED-VRS TRANSPORTATION REIMBURSEMENT

OVERVIEW

- The DEED-VRS Transportation Reimbursement will reimburse providers for:
 - Costs related to **transporting an individual** for the purposes of the individual’s employment plan, i.e. when the service provider staff and individual are both traveling together.
and
 - Costs related to **traveling to and from an individual** for the purposes of the individual’s employment plan, i.e. when the service provider is traveling alone.
- This change alone is a substantial policy shift for VRS. VRS has not reimbursed “indirect” costs in this way historically.
- VRS’s transportation reimbursement is different for **“General Services”** and **“Pre-Employment Transition Services (Pre-ETS).”** “Pre-ETS Services” pertains to services for VR Eligible Pre-ETS Students AND for VR Potentially Eligible Students. “General Services” pertains to services for all other individuals in the VR program.
- **General Services:** \$28 per hour. VRS will reimburse providers at \$28 per hour for General Services.
- **Pre-ETS Services:** \$75 per hour. VRS will reimburse providers for costs related to transportation by adding the transportation time estimate to each service authorization at \$75 per hour.

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.

Pre-ETS Services: Examples

- **One Service on the Authorization:** If the Pre-ETS authorization is for one service such as Job Exploration Counseling.
 - A student needs 2 hours of job exploration counseling.
 - Providing those services will require 2 hours of travel for the provider.
 - The authorization will show 4 hours for job exploration counseling.
- **More than One Service on the Authorization:** If the Pre-ETS authorization is for more than one service, such as 1 hour job exploration counseling and 1 hour work readiness training.
 - A student needs 1 hour job exploration counseling and 1 hour work readiness training.
 - Providing those services will require 2 hours of travel for the provider.
 - The authorization will show 2 hours for job exploration counseling and show 2 hours of work readiness training to account for the travel time.

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 IMPLEMENTATION

P/T Contract Considerations

- *For General Services:* at this time, a community partner that currently has travel differentials on their contract or a different transportation reimbursement rate 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. The community partner must choose one transportation reimbursement structure. New community partners will only have the option of the \$28/hour structure.
- *For Pre-ETS Services:* VRS will eliminate the current transportation travel differential rates on P/T contracts for Pre-ETS services.

- *For General Services:* providers that wish to receive the new Transportation Reimbursement will need to request to amend their contracts in order to do so.
- *For General Services:* providers that currently have a Transportation Reimbursement on their contract and wish to receive the new Transportation Reimbursement will need to request to amend their contracts to change the rate.

For Pre-ETS Services: no amendment request is necessary to add travel time to the service authorization. This can start immediately. There will be no line item for Pre-ETS Transportation Reimbursement on P/T contracts.

Estimating Transportation Time for the Purposes of an Authorization

- Less than full hours are authorized by the quarter hour.
- Transportation time billed should be for the most direct and efficient route as provided by an online mapping service such as Google Maps.
- VRS staff will work with service provider staff to estimate the number of hours of transportation time necessary to complete the services requested.
 - VRS staff and service provider staff should use an online mapping service such as Google Maps to determine the most direct and efficient route and the expected transportation time given anticipated delays such as weather and rush hour traffic. VRS staff and service provider staff will estimate to the best of their ability.
 - VRS understands that accidents, road construction, and inclement weather cannot always be predicted. VRS will not incur purchasing violations in the event of unpredictable circumstances. If an authorization does not have adequate hours to cover increased transportation time in the event of unpredictable circumstances, the service provider will be responsible for those costs.
- Transportation time may be authorized from the service provider staff's primary work location.
- When the service provider staff does not start from the primary work location, the allowable transportation time is either a) the time from the service provider staff residence to the appointment or b) from the primary work location to the appointment, whichever is less.

Individuals at the Same Location or in Close Proximity

Here is the best practice for charging transportation time in the case of a partner providing services to two or more individuals in succession without returning to their primary work location. In this case, the partner would bill only the time from their primary work location to the first participant, and then the time between the participants and the time back to the primary work location for the second participant. The partner would not claim the full mileage from the primary work location to each participant individually.

- *Example: individuals in close proximity:* provider staff drives from St. Paul (primary work location) to Northeast Minneapolis for person A, and then to North Minneapolis for person B, and back to St. Paul.
 - Person A transportation reimbursement: time traveling from St. Paul (primary work location) to person A.

- Person B transportation reimbursement: time traveling from person A to person B, and the time traveling from person B back to St. Paul (primary work location).
- *Example: individuals at same location:* provider staff drives from St. Paul (primary work location) to Northeast Minneapolis VR office for a meeting with person A, then a meeting with person B.
 - Person A transportation reimbursement: time traveling from St. Paul (primary work location) to person A.
 - Person B transportation reimbursement: time traveling from person B back to St. Paul (primary work location).

Transportation and Pre-ETS Group Rates

Transportation time should be added for individuals receiving a Pre-ETS Group service or an individual service. The VRS staff may authorize for applicable transportation time for each individual in the group.

- *Example 1:*
 - A provider in Bemidji is conducting a Pre-ETS “Job Exploration Counseling” group class 1 hour away in a small town. 2 hours of travel time round trip.
 - The provider staff does not transport any of the students to the class.
 - It is a 2 hour “Job Exploration Counseling” group Pre-ETS class with 5 students.
 - The individual invoices for each of the 5 students would look like this:
 - 4 hours of “Job Exploration Counseling” (2 hour class + 2 hours travel) at group rate of \$21/hour.
- *Example 2:*
 - A provider in Moorhead is conducting a workplace tour under Pre-ETS “Work-Based Learning/Introductory Work Activities” in Moorhead.
 - It is a 2 hour “Introductory Work Activities” group workplace tour.
 - 3 students who live in surrounding small towns will be participating in the tour.
 - The provider staff needs to transport the students from their homes to the tour.
 - The provider staff picks up the 3 students in one trip and drops off the 3 students on the return trip. The trip takes 45 minutes one way, 1.5 hours round trip.
 - The 1.5 hours round trip should be split between the three invoices. 1.5 hours divided by 3 is 0.5 hours each.
 - The individual invoices for each of the 3 students would look like this:
 - 2.5 hours of “Introductory Work Activities” (2 hour class + 0.5 hours travel) at the group rate of \$30/hour.
- When transporting multiple participants for the purpose of a Pre-ETS service, the counselor or Pre-ETS rehabilitation representative would authorize at the highest rate per student (\$75 per hour). After service completion, the provider would bill for each participant at the adjusted group rate according to how many participants were transported.

Authorization Considerations

- *For General Services:* The Transportation Reimbursement rate will show as an additional line on the authorization.
- *For Pre-ETS Services:* transportation time will NOT show as an additional line on the authorization. The transportation time is added to the service hours.
- Transportation time will be authorized for and invoiced in 15-minute (0.25 hour) increments.

Purchasing Violations

State law requires prior approval and prior “encumbrance” for any expenditure of funds. That prior approval and encumbrance comes in the form of an authorization from VRS. If VRS pays for services performed before an authorization issued or pays for services above the allotted hours on the authorization, VRS incurs a purchasing violation. VRS WILL NOT incur purchasing violations for the transportation reimbursement.

- ONLY transportation time that has been authorized prior to the transportation occurring and ONLY transportation time that falls within the number of prior authorized hours will be paid by VRS.
- Prior to authorizing, the number of authorized hours for transportation must be negotiated with VRS staff and Community Partner staff.
- Requesting additional hours for transportation is the responsibility of Community Partner staff and is granted at the discretion of VRS staff.
- Transportation time that occurs BEFORE an authorization is active will result in no payment for that time by VRS.
- Transportation time in EXCESS of the number of authorized hours will result in no payment for that time.
 - VRS understands that accidents, road construction, and inclement weather cannot always be predicted. VRS will not incur purchasing violations in the event of unpredictable circumstances. If an authorization does not have adequate hours to cover increased transportation time in the event of unpredictable circumstances, the service provider will be responsible for those costs.

VRS Invoicing and Reporting Considerations

- Best practice: invoice for the services and transportation time to support those services at the same time.
- When invoicing for the services and transportation time to support those services include the dates of service on the invoice. A range of dates is acceptable on the invoice.
- In order for VRS staff to process the invoice there must be an accompanying report.
- The report must show the actual dates and times for the travel time and for the services were provided.
- The report must also show the starting location, destination, and ending location.

NEXT STEPS – DETAILS FOR PROVIDER AND VRS STAFF

The transportation reimbursement is effective upon the public announcement of this policy.

- **For Providers WITH Pre-ETS on their P/T contract:**
 - *For new authorizations:*
 - VRS staff will no longer authorize for Pre-ETS services at the travel differential rate.
 - VRS staff will work with service provider staff to estimate necessary hours of transportation time and add the transportation time to the hours of service on the authorization.
 - *For current authorizations:* current authorizations are valid and do not need to change to conform to this new policy.
- **For Providers WITH Transportation Reimbursement on their P/T contract, for General Services:**
 - These providers should request an amendment to their P/T contract to change the current rate on their contract to the new rate.
 - *How to Authorize Between Now and New Amendment*
 - VRS staff may authorize for transportation mileage using the current rate on the provider's contract until the amendment is executed.
 - The rate that is currently on a provider's contract can now be used for costs related to transporting an individual for the purposes of the individual's employment plan, and for costs related to traveling to and from an individual for the purposes of the individual's employment plan.
- **Once New Amendment is Executed**
 - For any existing authorizations at the time that the new amendment is executed, VRS staff will amend the authorization with the new rate. VRS staff should note the reason for the rate increase on the authorization.
 - VRS staff will be notified by VRS contract specialists when a contract amendment is executed.
 - Example: if the authorization was created on July 1 for services from July 1 to July 31 and the contract is amended on July 15, only the services that happen from July 15 to July 31 will get the new rate. Services provided from July 1 to July 14 would be paid at the old rate.
- **For Providers WITH Travel Differential for General Services on their P/T Contract:**
 - VRS staff may continue to authorize for services at the travel differential rate until a contract amendment with the new Transportation Reimbursement is executed.
- **For Providers WITHOUT Transportation Reimbursement on their P/T contract for General Services:**
 - These providers should request an amendment to their P/T contract to add the Transportation Reimbursement to their contract if they would like to.
 - Providers cannot receive transportation reimbursement without the Transportation Reimbursement on their contract.