

Michigan Rehabilitation Services

Vocational Rehabilitation Rate Recommendation Report

Public Consulting Group, Inc
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PUBLIC
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EXECUTIVE SUMMARY

Public Consulting Group, Inc. (PCG) was contracted by the Michigan Department of Labor and Economic Opportunity (LEO), Michigan Rehabilitation Services (MRS) to conduct a rate study and calculate statewide service rates for providers contracted or authorized by MRS to provide vocational rehabilitative (VR) services. This executive summary condenses the report into the following components: themes, limitations and considerations, and recommendations. The calculated rates are based on provider submitted wages in fiscal year 2019, or market-based salaries where necessary, and provider fiscal year 2018-2019 cost report data. As the report illustrates, a time study was conducted in January-February 2020 to help associate time with expense data.

THEMES

PCG collected provider information from three primary data sources: cost reports, personnel rosters and time studies. Overall, PCG received 45 cost reports, 43 personnel rosters, and 225 time studies. Ultimately, 42 cost reports, 39 personnel rosters, and 210 time studies were eligible for inclusion in the rate study. Some files became corrupted due to provider alterations, were filled out in incorrect format, or did not contain enough data to effectively contribute to the study.

Table 1: Rate Study Tools Collected

Tool	Number Received	Number Used
Cost Report	45	42
Personnel Roster	43	39
Time Study	225	210

The **cost reports** captured high-level service, revenue and expense information related to the applicable MRS programs in provider fiscal year 2018. Some providers operate on a calendar year, so certain providers submitted cost report data for the calendar year instead of state or federal fiscal year. Specifically, the cost report allowed PCG to come up with proportions of direct personnel to administrative expenses, often referred to as administration and program support.

Personnel rosters were collected to serve as a measure of quality assurance for the time studies and market salary rate research. Providers were asked to provide their current personnel rosters based on the most up-to-date staffing information for administrative personnel and direct service staff including subcontractors and employees. The rosters also provided valuable information on provider mean and median salary rates and gave PCG a methodology to weight market rates appropriately based on actual data.

Time study data was requested from all personnel that deliver vocational rehabilitation services paid via MRS programming. After receiving feedback from stakeholders, PCG developed a custom time study tool that captured the services included in the rate study. After the quality assurance process, 69 out of 83 counties were represented in the time study. Participants measured their time based on 15-minute activity categories during a 14-day period. This information was used to calculate the proportional wage, a billable percentage, and mileage factor. Proportional wages were developed by proportioning salaries with the overall percent of time the direct-service position contributed during the Time Study. The rate calculations would then account for all billable and non-billable time (including travel).

Rate calculations were completed based on the hourly cost of the billable unit to providers using provider submitted salaries, or market-based rates where necessary, and actual provider expenses, except for some services which included alternative inputs and calculations. For example, an hour of billable time

may cost a provider two hours of their time because of associated travel, report writing and administrative time. This is reflected in all the rate calculations. Variations for groups were also calculated.

LIMITATIONS AND CONSIDERATIONS

The following limitations and considerations were encountered during the rate study:

Data limitations: Data quality from the VR case management system impacted two components of the rate study: the initial scope development and fiscal impact development. The data quality issues can be attributed to mis-categorization of services caused by several factors, such as incongruent provider terminology, provider-state definition discrepancies, and a manual input process that varies from region to region. Additionally, lack of clarity in the “units” field makes any broad fiscal impact estimate unreliable. More information can be found in the [Impact Analysis](#) section.

Provider-based salaries: As the impetus for this project was to create a standard methodology for applicable services, the provider reported mean salaries were used as a baseline for rate calculations. Prior to this rate study, individual provider rates were negotiated regionally.

Quality Assurance: PCG and MRS worked well with providers to ensure the quality and consistency of all data collected. PCG implemented a series of quality controls to improve the accuracy of provider data. However, PCG cannot guarantee the accuracy of all submissions due to the method of self-reporting on the cost reports, personnel rosters and time studies submitted by providers. Attestations of accuracy were included on all tools. Supporting documentation was also requested, with some providers choosing not to submit. All providers cost reports were checked against MRS case management data to verify general accuracy.

Geographic Differences: PCG examined geographic impacts on rate-setting. While the data on both the Cost Reports and Time Studies indicated some differences in the provision of services, supported via stakeholder information, PCG is not recommending any geographic modifications at this time due to insufficient data, the potential adoption of tele-delivery associated with COVID-19, unknown financial impact, and administrative burdens.

Stakeholder Input and Assumptions: Some data elements in the report are based exclusively on stakeholder and state input using their professional experience (e.g. staffing ratios, Pre-ETS information). This additional input was used to validate or adjust data captured in the data collection tools.

PEER STATE RESEARCH

PCG was tasked with reviewing peer state organizations as a vital part of the rate study. Peer states chosen for this project included Colorado, Indiana, North Carolina, and Oregon. PCG was asked to focus on the following key points in research, with other findings available if relevant to the project or MRS program. The following were the focus of the peer state research:

- Similarities in Program Rates
- Value-Based Purchasing / Alternative Payment Methodologies being utilized
- Specific services: Hearing Aids, Tutoring, and Cancellation Fees
- Provider credentialing/certification in relation to rates

States were chosen in conjunction with MRS and focused on states who were similar in population size or geographic size to Michigan, were not in Order of Selection (OOS), and were geographically diverse across the country. All four of these states generally met these criteria, apart from Indiana, which is currently under OOS. However, OOS was established recently with the rates being set prior to that point, and thus applicable to the project.

RATE RECOMMENDATIONS

PCG recommends the rates on the following pages based on the methodologies and calculations described in this report:

Table 2: Cost-Based Rate Recommendations

Service	Sub-Service	Unit	Rate
Assessment, Diagnostic & Evaluation Services	Trial Work Experience	Hour	\$47.69
Assessment, Diagnostic & Evaluation Services	On-the-Job Evaluation	Hour	\$47.69
Assessment, Diagnostic & Evaluation Services	Job Coach Services During Evaluation	Hour	\$36.88
Assessment, Diagnostic & Evaluation Services	Job Shadowing	Hour	\$67.87
Benefits Counseling		Hour	\$80.86
Counseling and Guidance		Hour	\$63.75
Customized Employment Services	Discovery	Hour	\$66.70
Customized Employment Services	Placement Activities	Hour	\$66.70
Employment/Placement Services	Job Development/ Placement Assistance	Hour	\$61.45
Employment/Placement Services	Follow-up Services	15-min	\$11.39
		Tier 1 Cap	\$273.43
		Tier 2 Cap	\$364.57
		Tier 3 Cap	\$546.85
Personal Assistant Services (Attend Care, etc.)	Corporate Entity	Hour	\$31.68
Personal Assistant Services (Attend Care, etc.)	Independent Operator	Hour	\$23.87
PRE-ETS	Counseling on Post-Secondary Training	Hour	\$79.28
PRE-ETS	Job Exploration Counseling	Hour	\$79.28
PRE-ETS	Self-Advocacy Training in Peer Mentoring	Hour	\$79.28
PRE-ETS	Work Based Learning Experiences	Hour	Negotiated
PRE-ETS	Workplace Readiness Training	Hour	\$64.88
Training - Miscellaneous	Job Readiness Training	Hour	\$56.45
Training - Miscellaneous	Job Coaching - Non-Supported Employment	Hour	\$36.88
Training - Miscellaneous	Job Coaching - Supported Employment	Hour	\$36.88
Training - Miscellaneous	Cognitive Remedial or Literacy Training - Corporate Entity	Hour	\$64.07
Training - Miscellaneous	Cognitive Remedial or Literacy Training - Independent Operator	Hour	\$47.76
Training - Miscellaneous	Tutoring I: Undergraduate student majoring in area of tutoring; persons with AAS from technical school	Hour	\$19.95

Service	Sub-Service	Unit	Rate
Training - Miscellaneous	Tutoring II: Graduate students without a teaching certificate majoring in academic area in which they are tutoring persons with 4-year degrees from college or university	Hour	\$26.55
Training - Miscellaneous	Tutoring III: Persons with a teaching certificate in academic areas (Math, English, for example) in which they are tutoring; persons with teacher certification in learning disabilities	Hour	\$33.20
Training - Miscellaneous	Tutoring IV: Persons with Master's degree in academic area in which they are tutoring; persons with Master's degree with teacher certification in learning disabilities	Hour	\$46.50

For group services, PCG developed rates through common staffing ratios. PCG recommends the following group service rates:

Table 3: Group Service Rate Recommendations

Service	Sub-Service	Unit	1:3 Staffing	1:4 Staffing	1:5 Staffing	>1:6 Staffing
PRE-ETS	Counseling on Post-Secondary Training	Hour	\$31.00	\$24.66	\$20.69	\$14.75
PRE-ETS	Job Exploration Counseling	Hour	\$31.00	\$24.66	\$20.69	\$14.75
PRE-ETS	Self-Advocacy Training in Peer Mentoring	Hour	\$31.00	\$24.66	\$20.69	\$14.75
PRE-ETS	Workplace Readiness Training	Hour	\$25.37	\$20.18	\$16.93	\$12.07
Training - Miscellaneous	Job Readiness Training	Hour	\$22.07	\$17.56	\$14.73	\$10.50

Non Cost-Based Rate Recommendations

PCG was tasked with devising rate methodologies for 4 rates outside of a cost-based rate structure. These include:

- Hearing aids
- Sign Language Interpreter
- Foreign Language Interpreter
- Psychological Clinical Evaluation & Related Services, including substance abuse services

A summation of each recommendation is below, for further information and explanation on rationale, please see the [Recommended Rates Outside of Cost-Based Methodologies](#) section.

Hearing aids – Price all hearing aid devices at 80% of MSRP. This will include all device costs against a market-based rate and ensure economy, efficiency, and value of reimbursement. Other hearing aid services have recommended pricing as seen in Table 4 below.

Table 4: Recommended Hearing Aid Rates

Service	Suggested Pricing
Hearing Aid and Necessary Supplies	80% Manufacturer Suggested Retail Price (MSRP)
Audiological Assessment	\$50
Hearing Aid Evaluation; Monaural	\$50
Hearing Aid Evaluation; Binaural	\$100
Dispensing Fee; Monaural	\$195.37
Dispensing Fee; Binaural	\$336.32
Conformity Check	\$35.75
Ear Molds	\$45.54

Interpreter services – Recommend creating a standardized rate schedule based on credentialing and certification as well as levels of complexity as outlined by the [Michigan Board of Deaf Person's Interpreters Minimum Standards](#). Provider credentialing levels for sign-language interpreters can be determined using the [Department of Licensing and Regulatory Affairs](#). Field staff and counselors can view endorsements and standard levels using this site. Additionally, mileage is recommended to be paid separately from these rates at the State mileage rate.

Table 5: Interpreter Service Pricing Recommendation

Minimum Standard Level	Credentialing/Endorsement Requirements	Rate
Standard Level 1	BEI I, DI, NAD III, IC, and TC	\$50 per hour
Standard Level 2	BEI II, CI, CT, OTC, NAD IV, NIC, NIC Advanced, and NIC Master	\$55 per hour
N/A	Foreign Language Interpreter Services	\$50 per hour

Psychological Clinical Evaluation & Related Services, including substance abuse services – Recommend utilizing the workers' compensation calculator created by the Michigan Workers' Compensation Agency. This provides the flexibility for licensed professionals to both customize evaluation services and matches reimbursement to an established national standard.

PROJECT BACKGROUND

In July 2019, Michigan Rehabilitation Services (MRS) contracted Public Consulting Group, Inc. (PCG) to conduct a comprehensive rate analysis and develop methodology-driven reimbursement rates for certain Vocational Rehabilitation (VR) services encompassed under 34 CFR 361.50(c)(1) and by reference 34 CFR 361.48-361.49. The rate study is necessary for compliance with federal regulations cited by the Rehabilitative Services Administration (RSA) following a program monitoring review of MRS in 2017. PCG's goal was to provide recommendations to standardize service rates that are tied to allowable costs in line with Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards (2 CFR 200) and are consistent with national standards.

MRS BACKGROUND

MRS provides vocational rehabilitation services and training to support students, youth, and adults with disabilities seeking competitive, integrated employment. The agency's vision is to support a diverse and inclusive workforce that unites businesses and individuals with disabilities toward a common good through their mission of developing customized workforce solutions for businesses and individuals with disabilities.

MRS oversees 136 total services and subservices provided by VR agencies that range in size regarding operating costs, personnel, and type and amount of service utilization. Based on discussions with MRS leadership, it was decided to prioritize and set rates for 31 of these services. This decision was based on the two factors: the ability to develop a single rate and substantive utilization. The former eliminated customized services such as tuition or miscellaneous services. Services with less than 0.1 percent of MRS expenses were excluded as they are rarely utilized and would not have enough data to set a statewide rate.

PROJECT GOALS

The key objectives of the rate study include the following:

- Conduct a provider cost analysis
- Establish a data collection methodology
- Research Industry Standards (peer state organizations)
- Develop statewide standard service rates in alignment with 2 CFR 200
- Provide post-report technical assistance

The MRS VR Rate Study consisted of five main phases between July 2019 and September 2020:

Table 6: Rate Study Project Phases

Project Phase		Timeline
Phase I	Kickoff and Initial Assessment	7/2019 - 9/2019
Phase II	Comprehensive Analysis of Industry Standards	9/2019 - 10/2019
Phase III	Service and Cost Collection Instrument Distribution, Data Collection, and Validation.	10/2019 - 2/2020
Phase IV	Analysis & Recommendations	2/2020 - 6/2020
Phase V	Additional Support & Technical Assistance	6/2020 - 9/2020

Services Included in the Rate Study

MRS decided to establish both cost-based and non-cost based rates. All 31 services included in the rate study comprise approximately of 73% of total VR service expenditures. **Table 7: Rate Study Scope for**

Cost-Based Rates lists the cost-based rates set in the rate study, which comprise 60.2% of total MRS VR expenditures.

Table 7: Rate Study Scope for Cost-Based Rates

Scope of Work: Cost Based Rates	
Service Category	Service Subcategory
Assessment, Diagnostic & Evaluation Services	Work Shop/Work Sample Evaluation
Assessment, Diagnostic & Evaluation Services	Trial Work Experience
Assessment, Diagnostic & Evaluation Services	On-the-Job Evaluation
Assessment, Diagnostic & Evaluation Services	Job Coach Services During Evaluation
Assessment, Diagnostic & Evaluation Services	Job Shadowing
Benefits Counseling	n/a
Counseling and Guidance	n/a
Customized Employment Services	n/a
Employment/Placement Services	Job Development/Placement Assistance
Employment/Placement Services	Follow-up Services
Personal Assistant Services (Attend Care, etc.)	n/a
Pre-Employment Transition Services	Counseling on Post-Secondary Training
Pre-Employment Transition Services	Job Exploration Counseling
Pre-Employment Transition Services	Self-Advocacy Training in Peer Mentoring
Pre-Employment Transition Services	Work Based Learning Experiences
Pre-Employment Transition Services	Workplace Readiness Training
Training - Miscellaneous	Job Readiness Training
Training - Miscellaneous	Job Coaching - Non-Supported Employment
Training - Miscellaneous	Job Coaching - Supported Employment
Training - Miscellaneous	On-the-Job
Training - Miscellaneous	Job Club or Job Seeking Skills
Training - Miscellaneous	Cognitive Remedial or Literacy Training
Training - Miscellaneous	Tutoring - Advanced Degree
Training - Miscellaneous	Tutoring - Bachelors or Undergrad

MRS decided to establish rates for the following services using non-cost-based, alternative methodologies in the rate study. The non-cost based rates were set for services that only comprise 13% of total MRS expenditures.

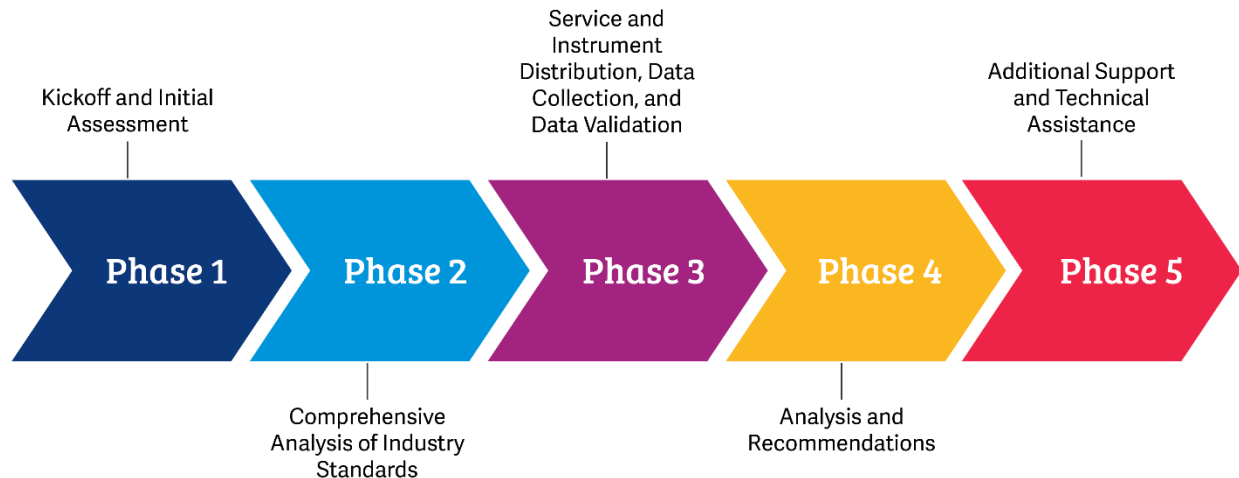
Table 8: Rate Study Scope for Non-Cost-Based Rates

Scope of Work: Alternative Methodologies	
Service Category	Service Subcategory
Assessment, Diagnostic & Evaluation Services	Psychological Clinical Evaluation & Related Service, including substance abuse
Interpreter Services	Sign Language Interpreter
Interpreter Services	Foreign Language Interpreter
Restoration Services	Hearing Aid

METHODOLOGY

PROJECT PHASES

The approach for this engagement involved five phases as outlined below.



Tasks included within each phase were coordinated with MRS and stakeholder input was consistently gathered. During the project, PCG conducted ongoing project management activities including regular check in meetings with MRS staff, ongoing coordination of the cost reporting and time study process, quality assurance activities, and conducting follow up as necessary. PCG held multiple meetings with the Stakeholder Group, who gave input on the methodology and assumptions. Tasks completed within each phase are summarized below.

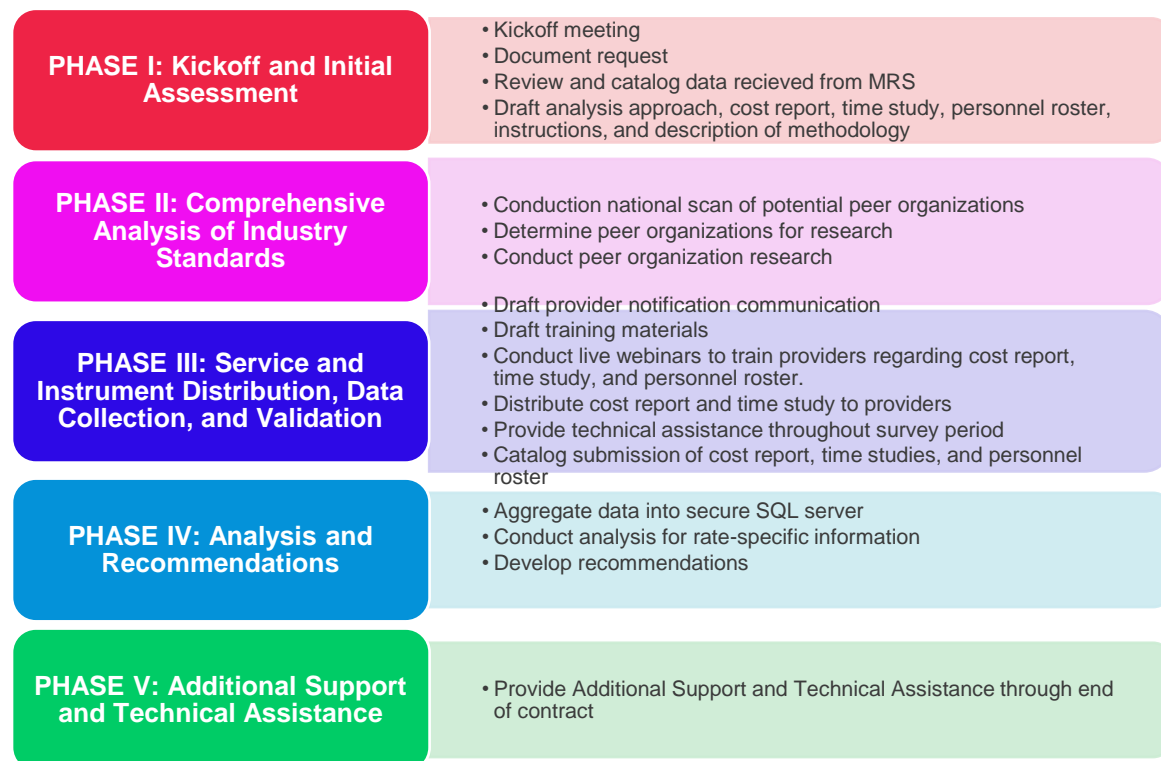


Figure 1: Major Milestones in each Project Phase

PARTICIPATING PROVIDERS

Providers that received over \$20,000 in payments from MRS between July 1, 2018 and June 30, 2019 were identified to be included in the data collection sample. PCG identified 260 such provider agencies. Of those, PCG was able to obtain provider email addresses, and the Centers for Independent Living (CILs) and Community Rehabilitation Organizations (CROs) conducted additional outreach via email or their websites to invite providers to the rate study. Additionally, for those providers without an available email address, MRS used physical addresses from their case management system and mailed invitations to participate in the rate study. Information for participating providers was added to the MRS website in addition to project contact information. In all, 55 unique providers participated in the rate study. PCG received 45 cost reports, and 43 personnel rosters, and time studies from 225 individuals. The table below shows the total number of cost reports, personnel rosters, and time studies included in the rate study following the quality assurance review.

Table 9: Data Submissions

Tool	Number Received	Number Used
Cost Report	45	42
Personnel Roster	43	39
Time Study	225	210

COST REPORT & PERSONNEL ROSTER SUBMISSIONS

Cost reports were designed to capture program revenue and expenses for the provider's most recently completed fiscal year while personnel roster submissions capture wage data to align with current staffing levels and time study submissions. Cost report data determined the Employee Related Expenses (ERE) and the program administration percentage in the rate calculation. Personnel rosters determine employee wages, subcontractor wages, and the employee-to-subcontractor ratio.

To effectively develop these tools, PCG adapted tools that have been used successfully for similar studies in other states and tested them with input from MRS and the Stakeholder Group. After testing and revisions, PCG conducted live and recorded trainings and distributed several reference resources for providers to assist in completing the tools. The tools were distributed to providers beginning on November 15, 2019. Providers for whom MRS had email addresses received the tools from PCG via email. MRS also posted the tools to their website, where they could be accessed by the public. Though the original deadline for submissions was on December 13, 2019, the deadline was extended to January 31, 2020 to allow for greater participation by providers.

PCG ultimately received 45 cost reports and 43 personnel rosters. The cost reports and personnel rosters came from a well-represented distribution of provider sizes. PCG conducted a thorough quality assurance process to ensure accuracy and completeness of all submissions. The QA process began on February 3, 2020 following the submission due date.

TIME STUDY

In this analysis, time studies quantified the approximate portion of staff time allocated to the delivery of direct services. Originally, the time study data collection period was scheduled between October and December. However, based on input from MRS and the Stakeholder Group that direct service time for most services is especially low during that period due to various holidays, the time study was moved to January and February when service delivery increased again. PCG thus pushed back the time study to

January and February to avoid holidays, which could skew data or result in less overall time captured. Providers and MRS indicated that direct services for Pre-ETS are highest in the summer months, PCG was unable to accommodate that timeline due to deadline restrictions for this engagement. Supplemental information was captured via survey conducted in May 2020.

All direct service VR staff were invited to participation. Additionally, VR staff supervisors who spend 50 percent or more of their time providing services were asked to participate in the time study. Participants tracked their time in 15-minute increments during a consecutive two-week period of their choice between January 27, 2020 and February 14, 2020. Participants also tracked the county in which they provided services. These results were used to identify the time and effort associated with service delivery. This allowed PCG to understand the time spent by various staff performing services and other unbillable activities and how those times aligned with associated expenses. Staff who completed the time studies were also expected to be included in the program's submitted personnel roster to capture individual compensation data. Note that these data were not used as an evaluation of provider effectiveness or compliance and strictly used for rate-setting purposes and was not shared outside of PCG project staff.

A sample of time studies were reviewed by PCG staff for errors and reasonability. Of the 225 time studies received, PCG was able to use 210 in our analysis following the quality assurance review. PCG filtered the time studies, removing workers who spent less than 10 percent of their time providing direct services during the time study. These were believed to be administrative staff and were removed as a precaution to minimize skewness of data. After filtering, 197 were used to determine billable percentages with the balance excluded as outliers. Data from the time studies determined the billable/unbillable percentages and travel time percentage for the rate methodology.

Cost reports, personnel rosters, and the sample of time studies went through the quality assurance process described below.

Table 10: Quality Assurance Control Process

Quality Assurance Control	Purpose
Stakeholder Group	<ul style="list-style-type: none"> • Opportunity to test tools and their assumptions. • Solicit feedback from the provider community.
Tool Edits and Testing	<ul style="list-style-type: none"> • Agree on and make changes to the tools. • Test the final tools by entering test data to every field.
Tool and Instructions Distribution	<ul style="list-style-type: none"> • Allow providers to review the tools and instructions prior to trainings.
Technical Assistance <ul style="list-style-type: none"> • Email account • Help line • Live and recorded webinars • Word instructions • Training PPT 	<ul style="list-style-type: none"> • Provide agencies with several resources to answer any questions related to the tool process. • Log correspondence summaries.
Tool Trainings	<ul style="list-style-type: none"> • Provide three live training webinars to orient agencies to the tools, timeline, and resources available.
Submission Due Date	<ul style="list-style-type: none"> • Give agencies six weeks to complete the tools and return to PCG.
Follow-Up with Agencies	<ul style="list-style-type: none"> • Reach out to agencies that have not submitted tools.
Quality Assurance Checklist Review	<ul style="list-style-type: none"> • Ensure at least two PCG employees review each tool submission and its accompanying backup documentation for accuracy and completeness.

Quality Assurance Control	Purpose
Quality Assurance Q&A with Agencies	<ul style="list-style-type: none"> Email a summary of quality assurance (QA) findings to providers to acquire additional information/clarification.
Adjustments to Tools	<ul style="list-style-type: none"> Provider resubmissions were used instead of original submissions.
Import of Data	<ul style="list-style-type: none"> Agency tool data was not final until all submissions were reviewed, and providers were contacted as needed.

MARKET SALARY RESEARCH

In addition to the cost reports, personnel rosters, and time studies, PCG supplemented its data analysis with market salary research. In some cases where data was unavailable from the data collection tools, PCG used market salary data in the rate calculations.

PRE-ETS SURVEY

To acquire more data on Pre-ETS, PCG conducted a survey with providers between May 8, 2020 and May 14, 2020. The survey was used to poll providers on the amount of time spent on average providing direct services for Pre-ETS during three, four-month periods of the year meant to mirror a common college schedule. The survey was also used to determine the most-used staffing ratios for group Pre-ETS. Individuals that submitted a time study received the survey via email, and the Stakeholder Group conducted additional outreach to distribute the survey to their networks. See [Pre-ETS Survey Analysis](#) for our findings from the survey.

COST REPORT ANALYSIS

To effectively capture both revenues and expenses for MRS providers, PCG distributed a cost reporting tool to Michigan's provider population. The cost report was requested to be completed for the provider fiscal year ending in 2019. Some providers completed cost reports for the 2018 calendar year if they operated on calendar instead of fiscal year. As part of the verification process, PCG reviewed provider-supplied supporting documentation submitted with this workbook to validate the data and determine if it could be included in the analysis. Though PCG reviewed each of the cost reports submitted for accuracy, completeness, and reasonableness, there still may be discrepancies in data since supporting documentation was not always available.

Cost reports captured the following data:

- Provider name, tax status and contact general information
- Program revenue from MRS and other revenue sources
- Aggregate average paid time off allocated for all staff
- Total salaries, taxes, and fringe benefits paid for program staff
- Comprehensive expenses other than personnel, e.g. mileage, insurance, facilities, other taxes, etc.
- An attestation from the provider claiming that the results provided were complete and accurate

Table 11: Provider Size by Revenue shows a breakdown of the total MRS revenue for providers who submitted cost reports. These providers represented every MRS region as seen in **Figure 2: Cost Report Submission by County**. This information was taken from the provider county listed as their primary county of doing business on the Cost Report. Many providers serve in a regional capacity.

Table 11: Provider Size by Revenue

MRS Total Revenue	Number of Submissions	% of Submissions
< \$100,000	14	34%
\$100,000 - \$500,000	16	39%
\$500,000 - \$1,000,000	9	22%
>\$1,000,000	2	5%
Total	41 ¹	100%

¹ Only 41 out of 42 shown. One provider did not report program revenue on the cost report.



Table 12: Provider Expenses and Administration Costs, VR providers had a program administration rate of 29.67%. PCG calculated a fringe rate of 22.50% and a paid time off (PTO) factor of 13.09%, which together equal an Employee Related Expenditures (ERE) rate of 35.59%, as shown in **Table 13: ERE Rate Calculation**.

Provider Expenses			
Total Expenses	\$179,960,738.79	\$16,743,677.57	
Line Item	Provider Totals	MRS Program Totals	Program % of Total
Administrative Salaries	\$17,153,034.39	\$1,686,305.36	10.07%
Depreciation	\$4,236,241.95	\$164,791.34	0.98%
Equipment	\$775,059.81	\$80,633.58	0.48%
Indirect (from Parent Organization)	\$1,612,300.59	\$388,621.89	2.32%
Liability Insurance	\$1,007,835.43	\$94,371.31	0.56%
Occupancy/Facility	\$12,557,450.38	\$735,328.76	4.39%
Other Operating Expenses	\$23,496,905.65	\$1,098,421.97	6.56%
Supplies	\$4,986,236.15	\$345,426.97	2.06%

Provider Expenses			
Training	\$473,784.80	\$76,480.10	0.46%
Transportation	\$4,691,888.77	\$119,449.59	0.71%
Travel	\$813,111.02	\$177,182.71	1.06%
Program Administration Costs	\$71,803,848.94	\$4,967,013.56	29.67%

Table 13: ERE Rate Calculation

ERE Rate Calculation			
Fringe Rate Calculation			
Total Salaries	\$10,243,966.65	%	
Healthcare	\$1,145,456.13		11.20%
Personnel Taxes	\$773,106.02		7.50%
Retirement	\$250,807.69		2.40%
Workers' Compensation	\$64,652.84		0.60%
Other Fringe Benefits	\$68,588.89		0.70%
Total Fringe	\$2,302,611.57		22.50%
Paid Time Off (PTO) Calculation			
Total Full-Time Equivalents			79.74
Total Paid Non-Working Hours			21,738.70
Total Full-Time Equivalency Hours			165,866
PTO Factor			13.09%
ERE Rate			35.59%

PERSONNEL ROSTER ANALYSIS

PCG distributed a personnel roster Excel workbook to the provider population to fill out. The purpose of the personnel roster is to capture employee wages, subcontractor wages, and employee-to-subcontractor ratios.

The personnel rosters captured the following provider data:

- Provider name and tax status
- Names, title, profession, and employee/subcontractor status of all personnel
- Total hours worked by staff annually and the percentage of that time dedicated to the VR program
- Total annual salary and fringe benefits paid for each staff member
- Administrative staff data reflecting the above

PCG assessed personnel expenses for both employees and subcontractors participating in VR services. Due to the variance of total hours worked throughout the year and salaries reported, each provider's annualized salary was normalized into an hourly rate to allow for better comparison.

PCG received personnel rosters from all MRS regions. **Figure 3: Map of Personnel Roster Submissions** details the county level locations of providers submitting a roster. Providers were matched to their listed county on the Cost Report or by checking registered business addresses if a provider did not submit a Cost Report. Providers often serve surrounding counties as well as their base county.

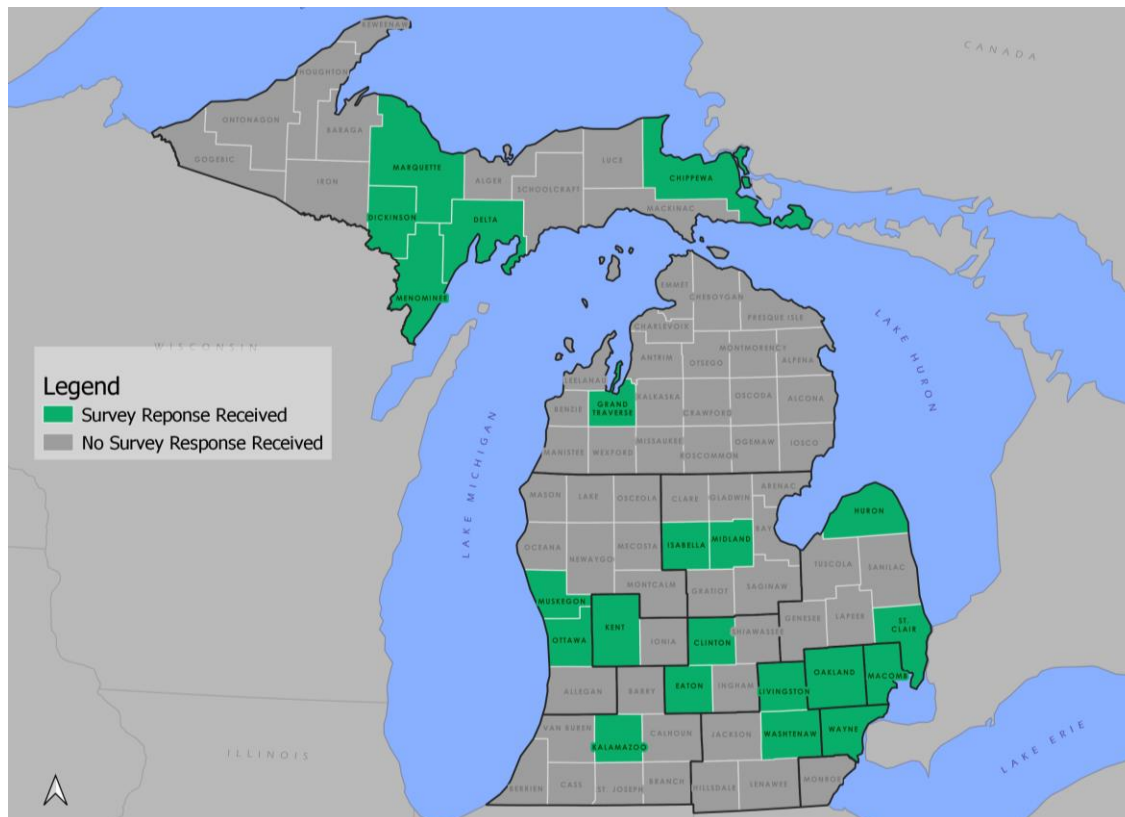


Figure 3: Map of Personnel Roster Submissions

After receiving the Personnel Roster data, PCG conducted an outlier analysis and excluded outliers. Excluded data also included personnel with less than 96 reported annual hours and salaries under the

2019 minimum wage of \$9.45. A separate analysis was conducted on subcontractor data that was submitted as part of the personnel rosters.

Table 14: Personnel Roster Employee Findings shows the number of employees (*n*) and mean wage per hour for each discipline we received data for from the personnel roster. This hourly wage does not include fringe benefits.

Table 14: Personnel Roster Employee Findings

Personnel Roster Employee Findings		
Job Title	# Employees (<i>n</i>)	Mean Wage/hour
Job Coach	365	\$13.63
Independent Living Specialist	94	\$15.65
Vocational Rehabilitation Counselor	2	\$16.01
Job Developer	39	\$16.95
Employment Service Provider	103	\$18.49
Vocational Service Coordinator	38	\$20.01
Vocational Evaluator	6	\$21.09
Benefits Plan Counselor	13	\$21.27
Tutor	17	\$33.66

Figure 4: Employee Reported Yearly Wages shows the personnel roster reported salaries normalized as a yearly mean and yearly median. The graph includes data post outlier analysis. Below that, **Figure 5: Employee Reported Annual Salary Ranges** shows the ranges of reported salaries for each discipline from the personnel roster. The graph includes data post outlier analysis.

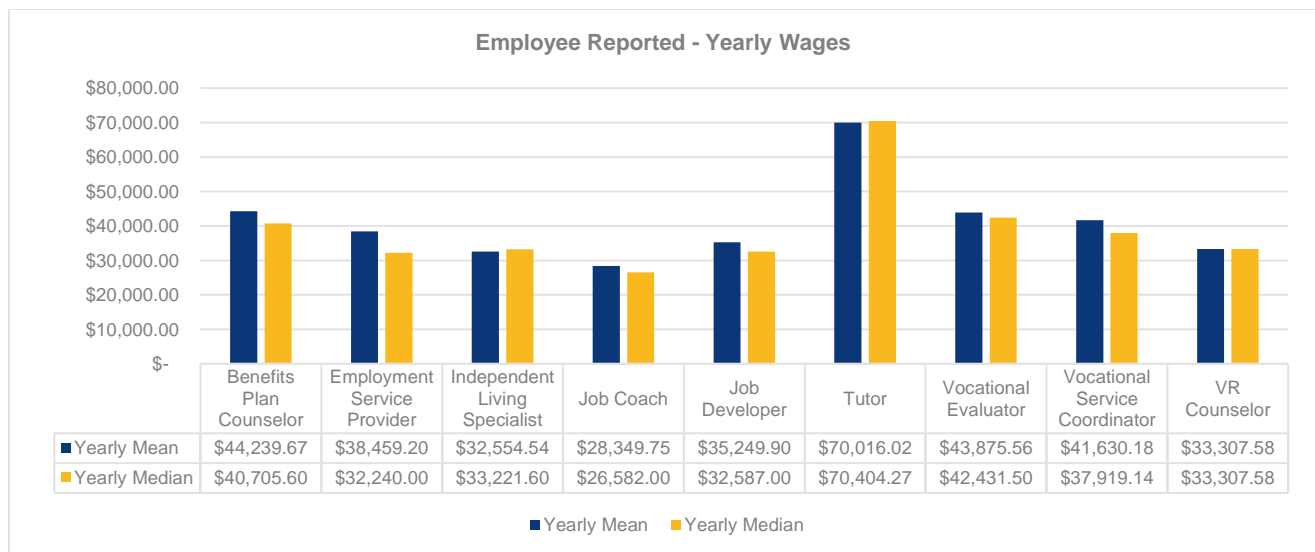


Figure 4: Employee Reported Yearly Wages

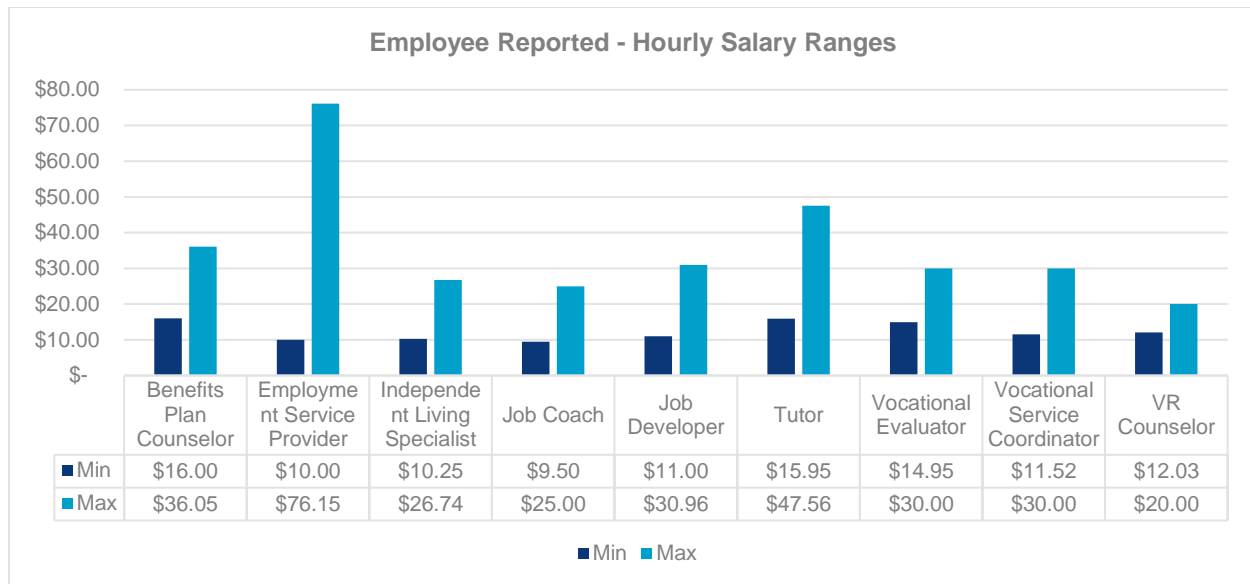


Figure 5: Employee Reported Hourly Salary Ranges

After comparing the reported personnel salaries to the market salary research, PCG, MRS, and the Stakeholder group determined using the personnel roster salaries as a base for the rates since they better reflect the Michigan VR market for specific disciplines.

SUBCONTRACTORS

The following job titles reported subcontractor personnel in the personnel roster. After further discussions with MRS, PCG decided to exclude the subcontractor ratio from the rate methodology due to a lack of subcontractors used in MRS services.

Table 15: Personnel Roster Subcontractor Findings

Personnel Roster Subcontractor Findings		
Job Title	# Subcontractors	Hourly Mean Wage
Job Coach	6	\$17.86
Vocational Rehabilitation Counselor	2	\$30.00
Job Developer	3	\$34.90
Employment Service Provider	1	\$59.88

TIME STUDY ANALYSIS

Time studies were used to calculate the overall billable percent and the billable percent by job title. Billable percentages are used to capture those hours required for effective services, but are unable to be billed directly to MRS. Examples of things that must be included in a cost-based rate are travel time, staff meetings, and program development. During the time study, PCG tracked the following activities shown in **Table 16: Time Study Activities** for each of the professions listed in **Table 17: Time Study Professions**.

Table 16: Time Study Activities

Time Study Activities	
Billable Services (Direct Service Activities)	
<ul style="list-style-type: none"> • Benefits Counseling • Client Follow-Up Services • Cognitive Remedial / Literacy Training • Customized Employment Services • General Counseling and Guidance • Interpreter Services • Job Club / Job Seeking Skills • Job Coaching • Job Development / Job Placement • Job Readiness Training • Job Shadowing 	<ul style="list-style-type: none"> • On-the-Job Evaluation • On-the-Job Training • Personal Assistant Services • PRE-ETS - Advocacy Training • PRE-ETS - Counseling • PRE-ETS - Job Exploration • PRE-ETS - Work Based Learning Experience • PRE-ETS - Workplace Readiness Training • Trial Work Experience • Tutoring • Work Shop / Work Sample Eval
Unbillable Services	
<ul style="list-style-type: none"> • Employee Training • Meeting - Program Admin • Meeting - Staff General • Meeting - with MRS Counselor • Missed Appointment - Client Cancellation • Missed Appointment - Provider Cancellation 	<ul style="list-style-type: none"> • Missed Appointment - Weather Event • Report Writing (not included in billable) • Supervisory Activities • Travel • Other

Table 17: Time Study Professions

Time Study Professions	
<ul style="list-style-type: none"> • Assistant Technology/Accommodation Specialist • Benefits Planner/Counselor • CART Provider • Employment Service Provider • Employment Specialist • Independent Living Specialist • Interpreter • Job Coach • Job Developer/ Job Placement Specialist • Licensed Practical Nurse • Literary Specialist 	<ul style="list-style-type: none"> • Personal Assistant/ Personal Care Attendant • Physical Therapist • Physical Therapy Assistant • Psychiatrist, M.D. • Psychologist • Registered Nurse • Social Worker • Speech Language Pathologist • Substance Use Counselor • Tutor • Vocational Evaluator

Time Study Professions

- Occupational Therapist
- Occupational Therapist Assistant
- Vocational Service Coordinator
- VR Counselor

PCG received submissions representing time spent in 69 of Michigan's 83 counties. Figure 6 below details the counties captured during the time study. All regions were represented in the time study. Counties were captured on the individual service delivery level.

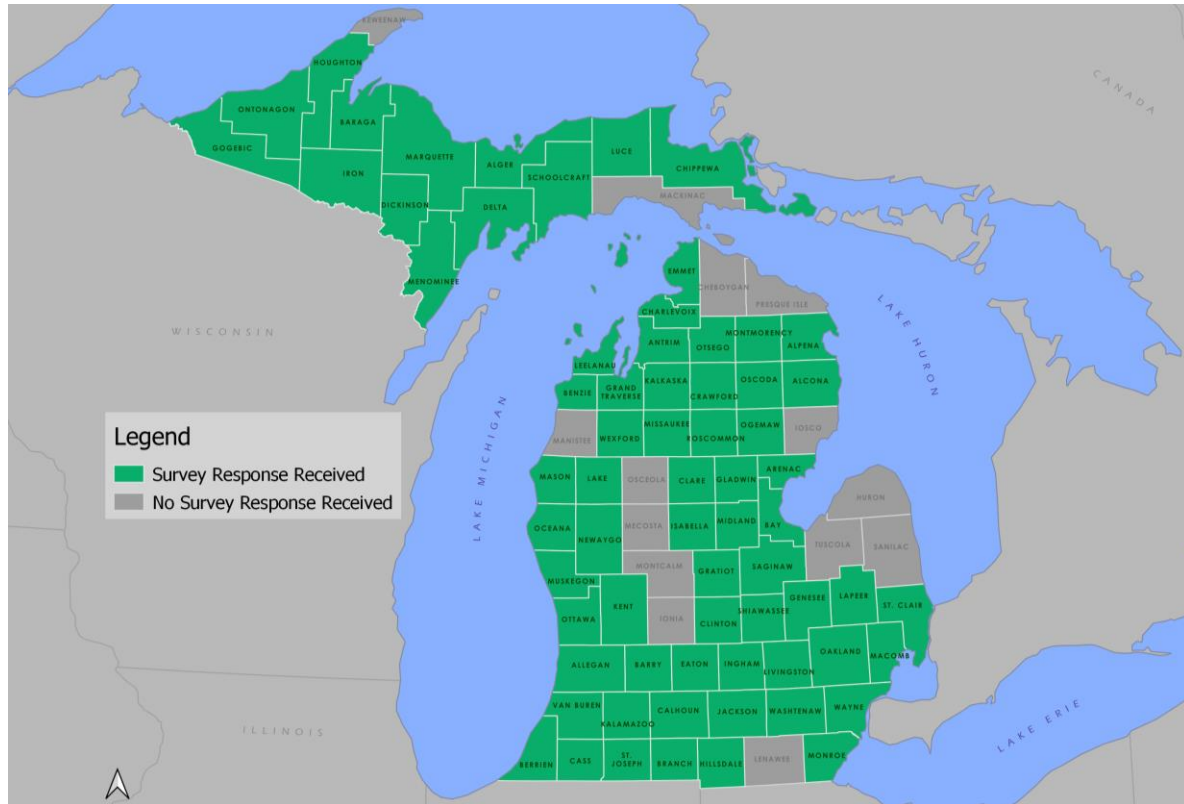


Figure 6: Map of Counties Represented in Time Study

Of the 225 time studies submitted, 210 went into the analysis following a quality assurance review. Of those, PCG filtered time studies reporting less than 10% billable services, resulting in 197 usable time studies. To determine the billable percentages, PCG filtered out missed or canceled appointments as well as paid time off. The overall billable time was 56.12%, as shown in **Table 18: Overall Billable %**. Additionally, PCG calculated the billable percent by profession, as shown in **Table 19: Billable % by Profession**.

Table 18: Overall Billable %

Billable %: Overall		
Count of Submissions Used	Billable %	Unbillable %
197	56.12%	43.88%

Table 19: Billable % by Profession

Billable % by Profession			
Primary Title by Profession	Count of Submissions	Unbillable %	Billable %
Job Coach	42	18.33%	81.67%
Job Developer/Job Placement Specialist	36	41.82%	58.18%
Independent Living Specialist	35	58.65%	41.35%
Employment Service Provider	31	57.18%	42.82%
Vocational Service Coordinator	15	46.03%	53.97%
Vocational Evaluator	10	36.77%	63.23%
Benefits Planner/Counselor	9	47.48%	52.52%
VR Counselor	6	59.28%	40.72%
(None Listed)	5	48.70%	51.30%
Social Worker	5	63.07%	36.93%
Employment Specialist	1	56.73%	43.27%
Personal Assistant/Personal Care Attendant	1	22.70%	77.30%
Psychologist	1	82.76%	17.24%

As reflected in Table 17 above, PCG did not receive data on all the professions that were tracked in the time study. Professions not captured in the time study are highlighted in red in **Table 20: Time Study Professions Not Captured in Time Study** below. For certain professions, time study data was insufficient to be used in the rate calculation. One such profession was Personal Assistant. PCG only received one time study from a Personal Assistant and the individual was a subcontractor. Where the time study data was insufficient for calculating billable percentages, PCG either used the overall billable time of 56.12% or a direct service professional standard of 80% for those services with lower levels of program support time, such as tutoring. Variances from the cost based rate methodology are detailed under [Rate Methodology Variations](#).

Table 20: Time Study Professions Not Captured in Time Study (shown in red)

Time Study Professions Not Captured in Time Study	
• Assistant Technology/Accommodation Specialist	• Personal Assistant/ Personal Care Attendant
• Benefits Planner/Counselor	• Physical Therapist
• CART Provider	• Physical Therapy Assistant
• Employment Service Provider	• Psychiatrist, M.D.
• Employment Specialist	• Psychologist
• Independent Living Specialist	• Registered Nurse
• Interpreter	• Social Worker
• Job Coach	• Speech Language Pathologist
• Job Developer/ Job Placement Specialist	• Substance Use Counselor
• Licensed Practical Nurse	• Tutor
• Literary Specialist	• Vocational Evaluator
• Occupational Therapist	• Vocational Service Coordinator
• Occupational Therapist Assistant	• VR Counselor

Time study results were also used to calculate the travel time percentage for the mileage component of the rate. Approximately 9.85 percent of workers' time was spent on travel during the time study.

Table 21: Travel Time Data

Count of Submissions	Travel Time %
197	9.85%

PRE-ETS

Though PCG was informed that Pre-ETS service delivery is highest during the summer months, we received data representing all five Pre-ETS categories during the time study, as shown in **Table 22: Hours Reported for Pre-ETS in Time Study** below. Pre-ETS counseling was reported at the lowest rate 0.07 percent of total hours reported during the time study.

Table 22: Hours Reported for Pre-ETS in Time Study

Hours Reported for Pre-ETS in Time Study					
Service:	PRE-ETS - Counseling	PRE-ETS - Work Based Learning Experience	PRE-ETS - Job Exploration	PRE-ETS - Advocacy Training	PRE-ETS - Workplace Readiness Training
Total Hours Reported:	4	59.25	102.5	149.5	366.75
% of Total Hours Reported in Time Study:	0.07%	1.06%	1.83%	2.67%	6.55%
Total Hours Reported in Time Study:	5600.5				

BILLABLE PERCENT & SERVICE WAGE WITH PROPORTIONAL MIX

PCG advised and MRS agreed to use a billable percent for each rate using a proportional mix of the data reported during the time study. The proportional mix creates a wage based on how much of a given service was delivered by one of the captured job categories. For example, if job coaches were responsible for 80% of job coaching hours during the time study, 80% of the job coaching wage and billable percentage would be used to create the wage with the additional 20% attributed to other participating job categories. This was chosen due to the nature of VR services, with fluid service delivery often overlapping categories. The billable percent for each service rate was calculated by taking the average billable percent for all the professions that reported hours for that service during the time study.

Additionally, PCG used the proportional mix data from the time study together with the wage data from the personnel rosters to calculate the average wage for each service rate. The service wage was calculated for each service rate by taking an average of the personnel roster wages for all the professions that performed that service during the time study. **Table 23: Wage and Billable % by Profession with Full Proportional Mix** below shows the adjusted billable percent and service wage for each applicable service rate. Variations from these proportional wages and billable percentages are noted in the [Rate Methodology Variations](#) section.

Table 23: Wage & Billable % by Profession with Full Proportional Mix

Wage & Billable % Calculation with Full Service Proportional Mix²		
Service	Service Wage	Service Billable %
Benefits Counseling	\$20.73	51%
Client Follow-Up Services	\$18.10	53%
Customized Employment Services	\$18.61	55%
General Counseling and Guidance	\$16.99	53%
Job Club / Job Seeking Skills	\$17.61	54%
Job Coach	\$14.12	78%
Job Development / Job Placement	\$17.26	56%
Job Readiness Training	\$16.08	57%
Job Shadowing	\$17.50	51%
On-the-Job Evaluation	\$16.	71%
On-the-Job Training	\$16.61	60%
PRE-ETS - Advocacy Training	\$16.09	42%
PRE-ETS - Counseling	\$19.19	45%
PRE-ETS - Job Exploration	\$17.54	45%
PRE-ETS - Work Based Learning Experience	\$16.46	62%
PRE-ETS - Workplace Readiness Training	\$16.60	43%
Trial Work Experience	\$17.17	69%
Tutoring	\$18.49	43%

² These wages and billable percentages may not be the final inputs used. See [Rate Methodology Variations](#) section for further details.

MARKET SALARY ANALYSIS

Market rate salaries were assessed to help ensure that the rate calculations were reasonable in relation to market realities. Purely cost-based rates may propagate rate deficiencies because existing provider payment structures often dictate the salaries that providers can afford to pay personnel. For example, a provider may lose key personnel because it can only afford to pay personnel what the existing rate structure will allow. In this example, that provider's cost report and roster may reflect salaries that do not reflect the market. Based on these considerations, PCG thoroughly reviewed market salaries for each discipline in the VR program. After a thorough review, it was determined that the salaries captured in the personnel rosters were a better reflection of average wages for VR services compared to the findings from the market salary analysis. Based on the data received in personnel rosters and the market salary analysis, it was determined to incorporate the personnel roster salaries into the rate methodology described in this document. However, when PCG did not have sufficient data from the personnel rosters, PCG used wages from the market salary analysis.

If a market based salary was required, the first step in calculating the base rates was to calculate salary per hour. Salary per hour was calculated by:

1. Separating VR personnel into personnel disciplines (also called professions or positions)
2. Determining a base salary for each position

For the purposes of this rate study, VR personnel are categorized using the disciplines listed in **Table 24: Market Salary Research Findings** below. This is not a comprehensive list of all disciplines offered through VR.

A salary benchmark was identified for each discipline using the May 2019 State Occupational Employment and Wage Estimates Data Published by the Bureau of Labor Statistics (BLS) for the state of Michigan³. The benchmark was identified by matching service and title descriptions and qualifications between the MRS service manual and the BLS code descriptions.

Some of the VR disciplines did not match directly to job titles in the BLS data. For these disciplines, the most appropriate job title from the BLS data was determined to use as a proxy. In certain instances, one job title did not directly meet the discipline, so a combination of BLS job titles was used by taking the average of all BLS positions contributing to a VR discipline. A more extensive summary of the BLS salaries used for each VR discipline is outlined in [Appendix A](#).

Table 24: Market Salary Research Findings

MRS Job Title	Proxy Code	BLS Match	Michigan Yearly Mean Salary	Michigan Yearly Median Salary	National Yearly Mean Salary
Benefits Planner/Counselor	21-1015	Rehabilitation Counselor	\$40,360	\$ 36,260	\$ 40,160
Employment Service Provider	21-1093	Social and Human Service Assistants	\$32,960	\$ 30,140	\$ 37,050
Independent Living Specialist	21-1015	Rehabilitation Counselor	\$40,360	\$ 36,260	\$ 40,160
Job Coach	21-1093	Social and Human Service Assistants	\$32,960	\$ 30,140	\$ 37,050

³ U.S. Bureau of Labor Statistics. (2020). Occupational Employment Statistics. *May 2019 State Occupational Employment and Wage Estimates Michigan*.
https://www.bls.gov/oes/2019/may/oes_mi.htm#21-0000

MRS Job Title	Proxy Code	BLS Match	Michigan Yearly Mean Salary	Michigan Yearly Median Salary	National Yearly Mean Salary
Job Developer/Job Placement Specialist	21-1093	Social and Human Service Assistants	\$32,960	\$ 30,140	\$ 37,050
Literacy Specialist	25-3011	Adult Secondary Education, English as a Second Language Instructors	\$53,620	\$ 51,310	\$ 58,980
Personal Assistant/Personal Care Attendant	31-1120	Home Health and Personal Care Aides	\$25,660	\$ 24,090	\$ 26,440
Psychologist	19-3039	Psychologists	\$86,190	\$ 93,080	\$ 98,230
Social Worker	21-1029	Social Workers	\$56,150	\$ 54,480	\$ 61,750
Tutor	25-3097	Tutors and Teachers and Instructors	\$47,790	\$ 40,620	\$ 48,700
Vocational Evaluator	21-1015	Rehabilitation Counselor	\$40,360	\$ 36,260	\$ 40,160
Vocational Rehabilitation Counselor	21-1015	Rehabilitation Counselor	\$40,360	\$ 36,260	\$ 40,160
Vocational Service Coordinator	21-1015	Rehabilitation Counselor	\$40,360	\$ 36,260	\$ 40,160

PCG analyzed the state and national market salary research compared to personnel roster data collected in the rate study. After discussion with the State, it was determined to use the mean wages calculated from the personnel roster. **Table 25: Personnel Roster Wages Compared to Market Salary Research** below illustrates this State market data compared to the personnel roster salary data collected and analyzed during the rate study.

Table 25: Personnel Roster Wages Compared to Market Salary Research

MRS Job Title	BLS Michigan Yearly Mean Salary	BLS National Yearly Mean Salary	Provider Reported Mean Yearly Salary	Provider Reported Median Yearly Salary	Difference in Salary (BLS MI Yearly Mean - Provider Reported Mean)	% Difference from BLS
Benefits Planner/Counselor	\$40,360	\$40,160	\$44,240	\$40,706	\$3,880	10%
Employment Service Provider	\$32,960	\$37,050	\$38,459	\$32,240	\$5,499	17%
Independent Living Specialist	\$40,360	\$40,160	\$32,555	\$33,222	-\$7,805	-19%
Job Coach	\$32,960	\$37,050	\$28,350	\$26,582	-\$4,610	-14%
Job Developer/Job Placement Specialist	\$32,960	\$37,050	\$35,250	\$32,587	\$2,290	7%
Tutor	\$47,790	\$48,700	\$70,016	\$70,404	\$22,226	47%
Vocational Evaluator	\$40,360	\$40,160	\$43,876	\$42,432	\$3,516	9%

MRS Job Title	BLS Michigan Yearly Mean Salary	BLS National Yearly Mean Salary	Provider Reported Mean Yearly Salary	Provider Reported Median Yearly Salary	Difference in Salary (BLS MI Yearly Mean - Provider Reported Mean)	% Difference from BLS
Vocational Rehabilitation Counselor	\$40,360	\$40,160	\$33,308	\$33,308	-\$7,052	-17%
Vocational Service Coordinator	\$40,360	\$40,160	\$41,630	\$37,919	\$1,270	3%

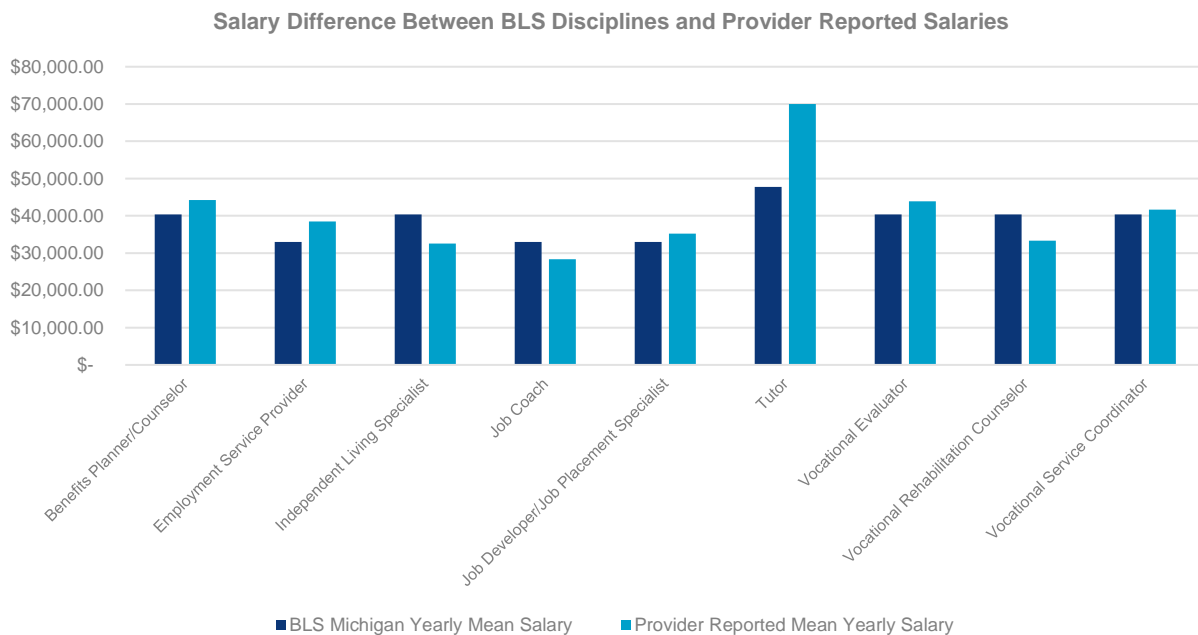


Figure 7: Graph of Personnel Roster Wages Compared to Market Salary Research

In some instances, we did not receive personnel roster data for certain disciplines. For these professions, we used the Michigan BLS yearly mean salary for the closest proxy discipline:

- PCG used the Bureau of Labor Statistics MI mean salary for Home Health and Personal Care Aides (BLS code 31-1120) to calculate the hourly wage for the Personal Assistants rate.
- PCG used the BLS MI mean salary for Adult Basic Education, Adult Secondary Education, and English as a Second Language Instructors (BLS code 25-3011) to calculate the hourly wage for the Cognitive Remedial or Literacy Training rate.

In addition to the BLS data analyzed, PCG also conducted research on market rates and staff stability for VR services to supplement the market salary research analysis. Topics of research included:⁴⁵⁶

1. Job coach and employment support provider wages
2. Employment support workforce stability
 - a. tenure (length of employment)
 - b. turnover rates
 - c. vacancy rates
 - d. recruitment and retention
3. Characteristics of the employment support workforce
4. Services provided by the employment support workforce

Specific research findings include the following: there is a high staff turnover rate among professionals that provide employment support services, although it is lower than the turnover rate for direct support staff. There is an overall low rate of tenure among professionals that provide employment support services⁷; however, research also indicates that the majority of these professionals have worked for their current employer for at least three years⁸. The median hourly wages across professionals that provide employment support services range from \$12 - \$16 per hour^{9,10}, and most receive a benefits package from their respective provider agency employers. Lastly, the research describes the characteristics of the employment support workforce, which they refer to as “employment consultants”, and the range of services they provide.

PCG used these research findings to inform the market salary analysis, which consisted of comparing personnel roster wage findings to the state-wide and national average wages of corresponding disciplines. This research was specifically used to inform the decisions made on proxy disciplines to use when the MRS VR disciplines did not directly match a BLS discipline, such as Job Coach. These findings also informed the proportional mix used for certain services.

⁴ National Core Indicators. (2019). National Core Indicators 2018 Staff Stability Survey Report. Retrieved from the National Core Indicators website: <https://www.nationalcoreindicators.org/resources/staff-stability-survey/>.

⁵ National Core Indicators. (2019). National Core Indicators 2017 Staff Stability Survey Report. Retrieved from the National Core Indicators website: <https://www.nationalcoreindicators.org/resources/staff-stability-survey/>.

⁶ Lyons, O., Migliore, A., Nye-Lengerman, K., Nord, D., & Butterworth, J. (2016) *Who are Employment Consultants? Characteristics of the workforce that connects job seekers with intellectual and developmental disabilities to employment*. Bringing Employment First to Scale, Issue 6. Boston, MA: University of Massachusetts Boston, Institute for Community Inclusion.

⁷ National Core Indicators. (2019). National Core Indicators 2018 Staff Stability Survey Report. Retrieved from the National Core Indicators website: <https://www.nationalcoreindicators.org/resources/staffstability-survey/>.

⁸ Lyons, O., Migliore, A., Nye-Lengerman, K., Nord, D., & Butterworth, J. (2016) *Who are Employment Consultants? Characteristics of the workforce that connects job seekers with intellectual and developmental disabilities to employment*. Bringing Employment First to Scale, Issue 6. Boston, MA: University of Massachusetts Boston, Institute for Community Inclusion.

⁹ Ibid.

¹⁰ National Core Indicators. (2019). National Core Indicators 2018 Staff Stability Survey Report. Retrieved from the National Core Indicators website: <https://www.nationalcoreindicators.org/resources/staffstability-survey/>.

PRE-ETS SURVEY ANALYSIS

The Pre-ETS survey was sent to participants of the time study and to the Stakeholder Group for distribution among their provider networks. This was done to ensure the data captured during the two-week time study accurately reflected the seasonal service delivery models for Pre-ETS services. Providers had five business days to complete the survey. PCG received 97 responses to the survey; of those, eight were partial responses.

Survey responses regarding billable time were not consistent with the hypothesis that direct service time varied based on school semester. The direct service workers who completed the surveys only reported small variances in the amount of time they spend providing direct services during the three annual periods, as shown below in **Table 26: Pre-ETS Billable Time Survey Results**. PCG thus used the time study data to calculate billable percentages for Pre-ETS. For staffing ratios, workers could report multiple ratios that they use for group Pre-ETS. PCG received responses on group Pre-ETS staffing ratios as shown in **Figure 8: Graph of Pre-ETS Survey Staffing Ratio Responses** below. PCG used the staffing ratios from the survey responses to develop group rates in the rate methodology.

Table 26: Pre-ETS Billable Time Survey Results

# of responses in ()	Counseling on Post-Secondary Training	Job Exploration Counseling	Self-Advocacy Training in Peer Mentoring	Work Based Learning Experiences	Workplace Readiness Training
January-April	13% (26)	22% (36)	24% (24)	46% (37)	43% (53)
May-August	12% (21)	25% (35)	19% (25)	55% (46)	42% (51)
September-December	15% (21)	28% (31)	24% (26)	51% (36)	43% (50)
Average Billable %	13%	25%	22%	51%	43%

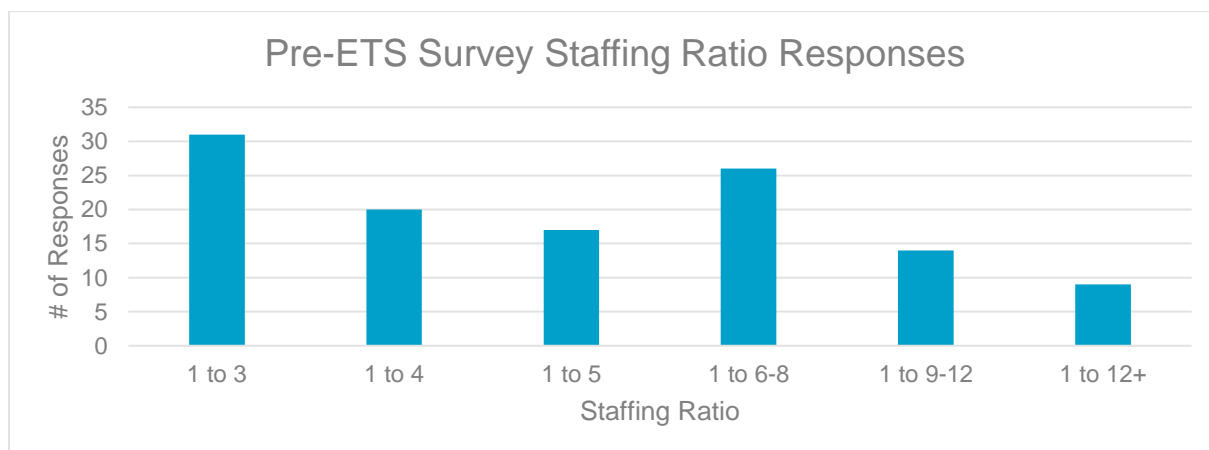


Figure 8: Graph of Pre-ETS Survey Staffing Ratio Responses

PEER STATE RESEARCH

PCG conducted peer state research to identify best practices related to industry standards for required VR services supplement the rate study. The peer state research centered on the following topics:

- Similarities in Program Rates
- Value-Based Purchasing / Alternative Payment Methodologies being utilized
- Specific services: Hearing Aids, Tutoring, and Cancellation Fees
- Provider credentialing/certification in relation to rates

MRS identified the following four states for peer state research based on several factors, including population size, geographic size, Order of Selection (OOS)¹¹, and geographic diversity.

1. Colorado
2. North Carolina
3. Oregon
4. Indiana

All four identified states generally met these criteria, apart from Indiana, which is currently under OOS. However, OOS was established recently and the state's rates and policies were still applicable to this comparison and analysis.

COLORADO

PCG reviewed the Colorado Department of Labor and Employment Division of Vocational Rehabilitation (DVR) Fee Schedule from 2019.¹² Though our team reached out to CO staff, we did not receive a response.

Colorado's fee schedule was well organized and easy to follow. The manual begins with an introduction and moves from general information applicable to all providers to service-specific information. CO's fee schedule stood out for having clearly defined services and billing standards. Under this system, the state can maintain consistency in the VR services they contract and pay for. Uniform service standards, billing, and invoicing also allows CO to capture important data with which they can establish trends for VR services delivered throughout their state. Key findings for the provision of VR services in CO are highlighted below.

Service Codes

CO uses a seven-figure *Procedure Code* for each service that is tied to service rates. CO also uses *Current Procedural Terminology (CPT) Codes* to determine allowable fees for the purchase of most medical and psychological assessment and treatment services. PCG conducted direct outreach to CO inquiring about their in-house developed procedure codes, but were did not receive a reply.

Invoicing Requirements

CO sets requirements for invoices. At a minimum, providers must include the following on invoices:

- Dates of service
- DVR authorization number
- Invoice total
- Itemized list of fees according to authorization
- Name of the provider
- Provider's invoice number
- Provider mailing address

¹¹ If services cannot be provided to all eligible individuals with disabilities who apply for such services, states must implement the federally sanctioned "Order of Selection" to determine which individuals will receive services. (34 CFR § 361.36 <https://www.law.cornell.edu/cfr/text/34/361.36>)

¹² Colorado has since updated its fee schedule. <https://www.colorado.gov/pacific/dvr/feeschedule>

Service Definitions

DVR has an appendix in their fee schedule with terminology definitions, including service definitions. Some DVR rates encompass several services. Having service definitions helps to ensure that consistent payments are made for consistent services across providers.

Provider Standards

DVR has an appendix in their fee schedule that details *provider minimum standards* according to the services provided. Standards are set both for providers and individuals providing services. This is an additional control for ensuring that consistent services are delivered. While all provider standards are available either publicly or via PCG, we've included a few examples below:

Job Coaching:

1. Commission on Accreditation of Rehabilitation Facilities (CARF) accreditation in the area of Community Employment Services
2. Rehabilitation Services Accreditation System (RSAS) accreditation
- OR -

Individual performing the job coaching possesses one or more of the following:

1. Bachelor's degree or higher in Rehabilitation Services, Rehabilitation Counseling, special education, or a closely-related field; or
2. One year or more of full-time work experience providing satisfactory job coaching services

Benefits Counselor:

1. The individual providing the benefits counseling must be a certified Community Work Incentives Coordinator (CWIC); or
2. Community Partner Work Incentives Coordinator (CPWIC).

Payment Rates

DVR's payment rates define the services covered by the payment, the payment amount, minimum or maximum unit or payment amounts, and the frequency with which a service may be provided.

DVR uses *Monthly Payment Rates* for services typically provided over months. A minimum of 30 service hours must be provided for the monthly rate, otherwise payments for partial months of service, defined as under 30 hours, are paid at an hourly rate.

DVR also establishes separate fee ranges for certain services according to the setting in which they are provided:

- *Facility Settings* are environments and/or structures designed specifically to provide services to persons with disabilities and other special populations, such as community rehabilitation program facilities, clubhouses, independent living centers and residential facilities, extended employment facilities, etc.
- *Community Setting* are real-life settings appropriate to the type of service, such as real work settings, community-based transitional employment program sites, home, or community environments, training facilities serving the general public, etc.

Rates are marginally higher for services provided in Community Settings.

Cancellation Fees

Upon request, DVR may pay cancellation fees for vocational services that are scheduled but not provided due to cancellations with less than 24 hours' notice or "no-shows". DVR may pay one-half of the allowable fee for a scheduled unit of service or \$150.00, whichever is less. PCG was unable to confirm whether the cancellation payments are paid for with state funds or whether they are included in CO's federal match.

NORTH CAROLINA

North Carolina exhibited a wealth of information for Michigan to consider, both in rates and program details, including performance-based payments, hearing aids, and tutoring services. North Carolina leverages two alternative payment methodologies:

1. Supported Employment Milestone Program
2. Supported Employment Performance-based Funded (PBF) program

Supported Employment Milestone Program

North Carolina's Supported Employment Milestone Program is a more traditional milestone payment structure for supported employment services whereby a Community Rehabilitation Provider (CRP) provider is reimbursed at a set rate for the client's achievement/completion of a pre-defined supported employment milestone. A client does not need to progress through all milestones; however, all clients are initiated into a milestone supported employment program at the intake milestone. This program includes the following milestones:

1. Intake – Initial meeting with vocational counselor
2. Supplemental Evaluation – Community-based assessment
3. Job Development and Retention – Time spent developing job sites, contacting potential employers, securing a position that matches the client's skills, abilities, motivations, interests, needs, and goals, or assisting clients during interviews. In lieu of this milestone, some referred clients that already have a job are eligible for Job Retention Only services to complete the milestone requirements.
4. Training and Stabilization – Includes any and all stabilizing activities required under an Extended Services Plan
5. Closure – Defined as successful employment 90 days after the end of the stabilization period and successful closure of the VR case.

Supported Employment Performance-based Funded (PBF) program

The supported employment performance-based funded (PBF) program is a payment system for supported employment services whereby the Community Rehabilitation Provider (CRP) provider is reimbursed at a set rate for the client's achievement/completion of a package of supported employment services. Unlike the milestone program, the CRP is not reimbursed for every successful intervention; rather, they are reimbursed for a package of successful interventions. Payments are made when clients achieve a Major Benefit Outcome. The Supported Employment PBF Major Benefit Outcomes are not listed specifically in a policy, but a similar work adjustment (WA) performance-based funded program list them as the following in Volume V of their policy manual:

1. When a client who has obtained employment has completed job coaching and the employment is expected to continue with the client's natural supports;
2. When a client has received WA PBF interventions that prepared the client to exit the program ready to begin On-the-Job Training (OJT)
3. When a client has received WA PBF interventions that prepared the client to begin academic or vocational training (other than secondary education or another work adjustment or supported employment program), or
4. When a client has received WA PBF interventions that prepared the client
5. To obtain and initiate employment without the CRP's support.

This model could lend itself to future adoption as an alternative payment methodology for Michigan. Once data is collected and the costs of reaching these points are evaluated across the provider networks, MRS may be able to model a similar program with accurate payment structures.

In addition to the alternative payment methodologies, North Carolina employs a similar approach to PCG's recommendations on Hearing Aids. North Carolina bases the payment for Hearing Aids services on a percentage of cost invoice with the addition of a dispensing fee of \$215.82 for monaural and \$348.12 for binaural fittings. The exact percentage of cost invoice was not given, but it was capped at Medicaid reimbursement amount.

PCG also modeled the tutoring recommendations in this document on the differentiation present in North Carolina's policy. See [Recommended Cost-Based Rates](#) section for more details.

OREGON

Oregon vocational rehabilitation was concurrently undergoing rate and service realignment, which will also align with Medicaid waiver services. The last posted fee schedule for Oregon VR was dated to September 2015. It included 18 services and largely followed a milestone model with job coaching billed supplemental at \$40 per hour. However, no methodology or description of the milestones was publicly available or obtainable.

Oregon coordinates reimbursement rates for healthcare services with the Workers' Compensation equivalent payment. This prompted PCG's review of Michigan Workers' Compensation program rates. See [Recommended Rates Outside of Cost-Based Methodologies](#) for further use of this methodology.

Oregon does use limited flat-rate payment methodologies for services, but PCG could not find any program materials for any in-depth review of these rates or background to the methodology. These payments specifically apply to Job Development and Trial Work Experience activities.

INDIANA

Indiana offers several rate setting and structure parallels and models for Michigan to consider. In 2015, Indiana implemented an Employment Service Model. This model provides a menu of services, varying in volume and type, to meet the diverse needs of job seekers, including those with most significant disabilities. The Employment Service Model also supports a team approach that engages the VR Counselor, CRP, and consumer in a collaborative partnership to move the work forward.

This menu includes Discovery services, which MRS is currently piloting. In 2015, Indiana offered these services through separate procedure codes to capture the different types of Discovery service activities. IN VR staff, as well as providers providing this service, found that the wide variety of procedure codes became cumbersome to authorize and bill for because of the fluid, changing nature of Discovery. As a result, IN VR changed the structure to house most Discovery activities under one procedure code, with details of service delivery within the documentation of services.

Indiana's menu of services is consistent with a hybrid approach that supports consumers to receive adequate services, regardless of their support needs. In practice, Discovery and supported employment services were offered on an hourly basis, to provide flexibility in the volume and length of time services are provided.

In addition to the Employment Service Model, IN VR also provides structure around ways to manage provider registration, authorizations, claims, and payments. In 2019, IN VR went live with Alliance's AWARE, a case management system; and Public Consulting Group's VR Billing system, managing authorizations, claims, and payments. By integrating the two systems, IN VR ensures that authorizations are made to providers who are qualified to provide the service and have been approved by VR state staff. The system manages authorizations which are available for providers to make claims against. The integrated process increases statewide efficacy and consistency in service delivery, in addition to subsequent payment. An additional benefit from these systems is the data and oversight that IN VR may maintain over service delivery and financial trends.

MISCELLANEOUS FINDINGS

Several items did not fit within a single state, but PCG found helpful during this rate study.

Provider Credentials and Certification

With Colorado as a notable exception, provider credentialing and certification varies widely. Outside of licensed medical professions, provider standards are not routinely mandated across state programs. One area with some consistency are the credentialing of Community Rehabilitation Programs/Organizations (CRO). CROs largely require an accreditation from one of the following organizations:

- Commission on Accreditation of Rehabilitation Facilities (CARF)
- Council on Accreditation (COA)
- International Center for Clubhouse Development (ICCD)
- Rehabilitation Services Accreditation System (RSAS)
- Commission on Rehabilitation Counselor Certification (CRCC) (individual only)

PCG is recommending provider credentialing and enrollment procedures to accompany rate recommendations. Further state research specific this area may be helpful for future policy development.

Pre-ETS Rates

It was notable that VR programs have a lack of transparency in Pre-ETS rates and rate-setting. These service rates are rarely included on fee schedules and no methodology could be found for pricing.

Miscellaneous Services

Services outside of traditional Vocational Rehabilitation services (ex. Job Coaching, Supported Employment milestones, Post-secondary training, etc.) vary in definition and consistency. Similar services may have entirely different requirements or understandings on each service.

RATE CALCULATIONS

RATE METHODOLOGY

Cost-based rates align the actual cost of service delivery with contract requirements and ensure that reimbursement rates are consistent with efficiency, economy, and quality of service delivery. Allowable costs are determined by Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), and other federal, state, and program rules and regulations. PCG used provider data, state claiming data, and national and peer state research for data sources in this engagement.

PCG used this cost-based rate methodology using the data from the cost report, time study, and personnel rosters, to calculate 28 individual and 20 group rates for the 27 services shown below in **Table 27: Services for Cost Based Rates**.

Table 27: Services for Cost Based Rates

Services for Cost Based Rates	
Service Category	Service Subcategory
Assessment, Diagnostic & Evaluation Services	Work Shop/Work Sample Evaluation
Assessment, Diagnostic & Evaluation Services	Trial Work Experience
Assessment, Diagnostic & Evaluation Services	On-the-Job Evaluation
Assessment, Diagnostic & Evaluation Services	Job Coach Services During Evaluation
Assessment, Diagnostic & Evaluation Services	Job Shadowing
Benefits Counseling	n/a
Counseling and Guidance	n/a
Customized Employment Services	n/a
Employment/Placement Services	Job Development/Placement Assistance
Employment/Placement Services	Follow-up Services
Personal Assistant Services (Attend Care, etc.)	n/a
Pre-Employment Transition Services	Counseling on Post-Secondary Training
Pre-Employment Transition Services	Job Exploration Counseling
Pre-Employment Transition Services	Self-Advocacy Training in Peer Mentoring
Pre-Employment Transition Services	Work Based Learning Experiences
Pre-Employment Transition Services	Workplace Readiness Training
Training - Miscellaneous	Job Readiness Training
Training - Miscellaneous	Job Coaching - Non-Supported Employment
Training - Miscellaneous	Job Coaching - Supported Employment
Training - Miscellaneous	On-the-Job
Training - Miscellaneous	Cognitive Remedial or Literacy Training
Training - Miscellaneous	Tutoring

The average hourly employee wage for an average service delivery professional is calculated first. The portion of Employee Related Expenses were then added to the average salary. Personnel roster data was used to adjust the salary by the proportion of employees. Subcontractor rates were excluded in the rate calculation because they are rarely utilized by VR providers. From there, other administrative and program support expenses (except mileage) were added. A billable percentage was then factored into the calculations to account for nonbillable time and expenses associated with service delivery. Mileage was

then added based on travel time assumptions. **Table 28: Rate Inputs and Example Rate Calculation** shows the inputs of the methodology and a simplified example, with each step enumerated in **Table 29: Rate Inputs with Calculation Details**.

Table 28: Rate Inputs and Example Rate Calculation

Step	Rate Component	EXAMPLE Rate Calculation
1	Wage	\$15
2	Annual Salary (2,080 Hours)	\$31,200
3	Min Wage Check (\$10)	\$15
4	ERE/Benefits (30%)	$\$15 \times 0.3 = \4.50
5	EMPLOYEE TOTAL	$\$15 + \$4.50 = \$19.50$
6	Subcontractor (N/A)	\$0
7	Total Hourly Personnel Cost	$\$19.50 + \$0 = \$19.50$
8	Program Administration (20%)	$\$19.50 \times 0.2 = \3.90
9	RATE	$\$3.90 + \$19.50 = \$23.5$
10	Billable/Non-billable consideration (80%)	$\$23.5 \div 0.8 = \29.38
11	Mileage	\$2
12	TOTAL HOURLY RATE	$\$29.38 + \$2 = \$31.38$
13	Unit Adjustment (15-Min, Group, etc.)	$\$31.38 \div 4 = \$7.85 \text{ per 15 minutes}$

Table 29: Rate Inputs with Calculation Details

Rate Inputs with Calculation Details	
Step	Rate Calculation Details
Step 1	Insert the average hourly employee Wage for the service delivery professional.
Step 2	Calculate the Annual Salary using the wage in step one and 2,080 annual hours.
Step 3	Divide Step 2 by 2,080 annual hours, then run logic check against the minimum service wage set by MRS. If the hourly wage is lower than the minimum service wage set by MRS, the set minimum service wage will go into the calculation in lieu of the wage in Step 1. ¹³
Step 4	Calculate ERE/benefits percent attributed to employees based on steps 1-3 and the ERE determined by cost report.
Step 5	Add Step 4 to Step 3 to calculate the Employee Total cost.
Step 6	Calculate portion of personnel costs attributed to subcontractors based on step 4 and the subcontractor rate determined by cost report. <i>NOTE: this step was only used for Personal Care Attendant and Cognitive Remedial or Literacy Training services, since VR service providers rarely use subcontractors. The subcontractor line item was used as the wage for the two services utilizing an independent operator rate.</i>
Step 7	Add Step 5 (Employee Total) to Step 6 (Subcontractor amount) to calculate the Total Hourly Personnel Cost. In many cases, Step 6 will be \$0.
Step 8	Calculate Program Administration amount using the Program Administration percent from cost report and the wage in Step 3.
Step 9	Add Program Administration amount (Step 8) to the Program Administration amount (Step 9) to calculate the Base Rate.
Step 10	Factor in the billable/non-billable percentage to account for nonbillable time and expenses associated with service delivery.
Step 11	Factor in mileage based on travel time assumptions.
Step 12	Add Billable/Non-billable consideration (Step 10) to the Mileage rate (Step 11) to calculate the Total Hourly Rate.
Step 13	Make unit adjustments as necessary using the Total Hourly Rate (Step 12) and other factors under consideration.

PCG used the following coefficients in the rate methodology:

Table 30: Rate Coefficients

Rate Coefficients	
Program Administration	29.67%
ERE/Fringe Benefits	35.59%
Hours/Year	2080
Mileage Rate	\$1.94
Minimum Wage	\$13.20
Billable % for highly billable direct service worker	0.8

¹³ This logic check was not conducted for the market-based salaries.

Rate Coefficients	
Mileage Calculation	
Michigan per mile reimbursement rate	\$0.575
Average MPH	35
Average Miles Traveled Per Service Hour	5.784
Group Rate Adjustments	
1:3 Staffing Ratio	39.1%
1:4 Staffing Ratio	31.1%
1:5 Staffing Ratio	26.1%
Greater than 1:6 Staffing Ratio	18.6%

PCG calculated the adjusted group rates starting with the percent of the staffing ratio then adding 6.1 percent—the report writing percent from the time study findings—to that number. This decreases the calculated hourly (i.e. individual) rate proportionately to the group size while accounting for additional unbillable work associated with service provision to multiple clients.

The Mileage Rate was calculation based on the following formula:

$$\text{Hourly Mileage Rate} = (((\text{Average Miles Traveled Per Service Hour} * 8 \text{ hours per day}) / 60 \text{ minutes}) * \text{Average MPH}) * \text{State Mileage Rate}) \div 8$$

Average MPH is based on a model assumption of composite travel time on highways, city streets, and rural roads. Thirty-five miles per hour is a commonly used number and was discussed and shared with both MRS and stakeholders prior to its use.

Rate Methodology Variations

Personal Care Attendant¹⁴

PCG received limited data on Personal Care Attendants from Michigan providers to determine a sound calculated wage rate and billable percent. Only one Personal Care Attendant participated in the time study, and the salary for one Personal Care Attendant subcontractor was included in the personnel rosters. PCG instead relied on the Bureau of Labor Statistics (BLS) as a secondary data source. PCG used the BLS MI mean wage for Home Health and Personal Care Aides (BLS code 31-1120) to calculate an hourly wage based on a 2,080-hour work year. PCG also used an industry standard billable time of 80%, which is common for workers primarily providing direct services on an average workday. Personal Assistants are often hired by, and receive pass-through hourly payments, from the VR client, but occasionally they will be hired from a third-party organization by MRS. Because of this, PCG set two rates for the Personal Care Attendant: one for Care Attendants from a Corporate Structure, which factors in benefits and an overhead administration rate; and one rate for Independent Operators which does not include any ERE costs.

On-the-Job Evaluation and Trial Work Experience

Based on MRS feedback and the MRS service manual, On-the-Job (OTJ) Evaluation and Trial Work Experiences consist of similar assessment services for the client. The primary difference is not service content or delivery related, but rather the eligibility category of the client. For this reason, a composite rate was built using the wage and billing data PCG captured for the two services.

Pre-Employment Transition Services (Pre-ETS)

PCG used data from the cost reports, personnel rosters, time studies, and Pre-ETS survey to develop the Pre-ETS rates.

¹⁴ Consistent with MRS policy manual, “Personal Care Attendant” and “Personal Assistant” will be used interchangeably.

Staffing ratios for group Pre-ETS were determined by the Pre-ETS provider survey, as noted in the Pre-ETS Survey Analysis.

Because the same individual likely provides Post-Secondary Counseling, Job Exploration, and Self-Advocacy services and the costs for providing these services are similar, PCG built a composite rate for each of these services using the wage and billable percentage data for all three services; the source of the wage and billable percentage data was the cost tools and time study used for this rate study. Similarly, because Workplace Readiness Training (WRT) encompasses the provision of the same services as Job Club or Job Seeking Skills (Job Club) and Job Readiness Training, PCG built a composite rate for WRT using the wages and billable percentages from Job Club, Job Readiness Training, and WRT; the wage and billable percentage data came from the cost tools and time study used for this rate study.

Training Services

Cognitive Remedial or Literacy Training

PCG received limited data through the time study and personnel roster on Cognitive Remedial or Literacy Training services to calculate wages for the personnel providing this service and the billable percentage. Following the data contingency matrix, PCG used the secondary data source of the Bureau of Labor Statistics for the Cognitive Remedial or Literacy Training wage. PCG used the BLS Michigan mean annual salary for Adult Basic Education, Adult Secondary Education, and English as a Second Language Instructors (25-3011). This mean was used to calculate an hourly wage using a standard work year consisting of 2,080 hours. For the billable percentage, PCG used the composite billable time of 56.12%, which was the calculated average from the time study across all services.

Like the Personal Assistants, personnel providing Cognitive Remedial or Literacy Training are often hired by, and receive pass-through hourly payments, from the VR client, but occasionally they will be hired from a third-party organization by MRS. Because of this, PCG set two rates for Cognitive Remedial or Literacy Training: A Corporate Entity rate that factors in ERE and the program administration percent into the rate, and a rate for Independent Operators that excludes ERE from the rate.

Job Club or Job Seeking Skills

Because Job Club or Job Seeking Skills (Job Club) and Job Readiness Training encompass the provision of the same services, PCG recommends removing Job Club and integrating this service into the Job Readiness Training service definition.

Tutoring

PCG received wage data in the personnel rosters from 17 tutors; however, no tutors participated in the time study. The one hour of the tutoring service reported on the time study was provided by an Employment Service Provider. This resulted in a 43% billable factor for tutoring services, which is not reflective of the service overall. Therefore, PCG used the industry standard billable time, 80%, which is common for workers primarily providing direct services on an average workday. PCG also used the proportional mix service wage for Tutoring, which creates a wage based on how much of a given service was delivered by one of the captured job categories. Based on our peer state research, PCG created four tiers of tutoring rates based on the education and/or training levels of the tutor, shown in **Table 31:**

Tutoring Rate Tiers.

Table 31: Tutoring Rate Tiers

Tutoring Rate Tiers	
Tier I	Undergraduate student majoring in area of tutoring; persons with Associate of Applied Science degree (AAS) from technical school
Tier II	Graduate students without a teaching certificate majoring in academic area in which they are tutoring persons with 4-year degrees from college or university
Tier III	Persons with a teaching certificate in academic areas (Math, English, for example) in which they are tutoring; persons with teacher certification in learning disabilities
Tier IV	Persons with Master's degree in academic area in which they are tutoring; persons with Master's degree with teacher certification in learning disabilities

GEOGRAPHIC ADJUSTMENTS

Throughout the course of the project, PCG has reviewed and monitored geographic differences in data. PCG does not recommend instituting geographically adjusted rates for the following reasons:

1. With COVID-19, teleworking and/or online delivery of services would have an outsized impact in rural areas. If this model becomes widely adopted, the geographic adjustment rates would not be an accurate reflection of service delivery costs in rural areas.
2. Sample sizes of rural area participants were too low to verify results. A specific analysis of rural providers could provide more complete data.
3. Currently, there is an undetermined fiscal impact. Setting geographically adjusted rates prior to accurate utilization estimates compounds the fiscal impact.
4. The nature of VR services does not lend itself to accurate administration of geographic adjustments. Clients often cross county-level borders for community-based services, with no location of service tracked.

PCG evaluated all data separated based on rural vs. urban environments to evaluate any geographic adjustments. PCG utilized the Rural-Urban Continuum Codes (RUCC) to define counties. Counties considered rural or non-metro, not adjacent to metro area were defined as potential targets for geographic adjustment. These are shown in **Figure 9: Defined rural counties**.

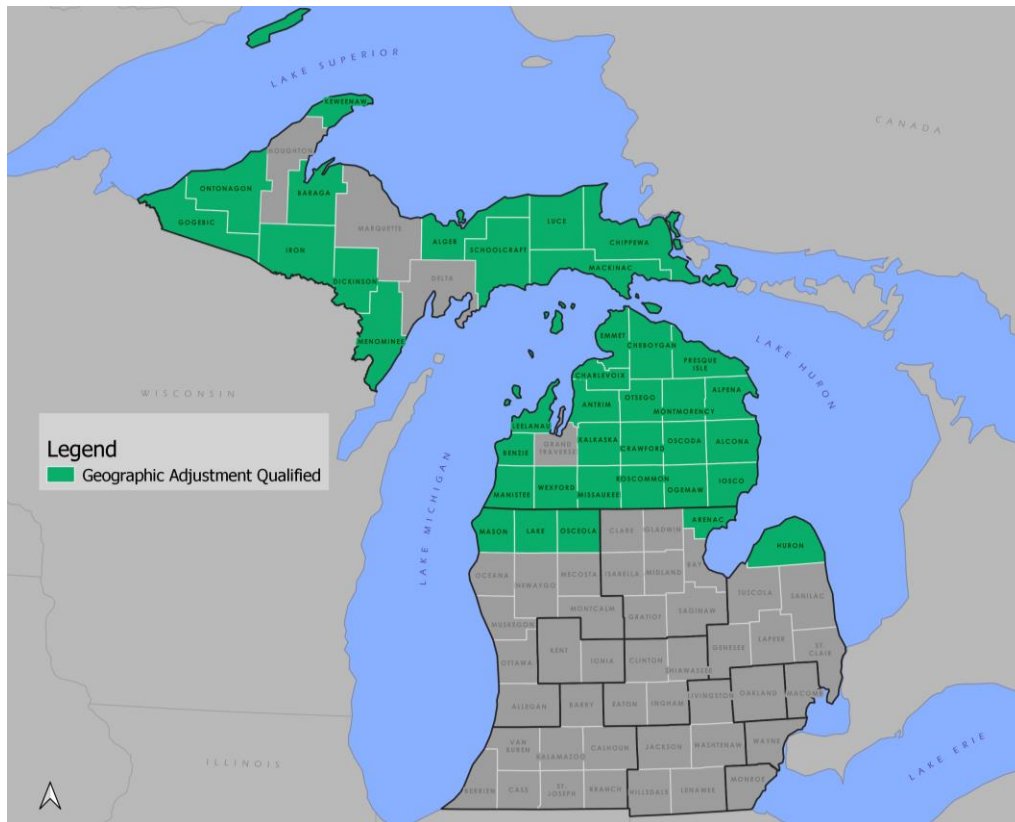


Figure 9: Defined rural counties

IMPACT ANALYSIS

Due to data limitations and incongruent fee schedules currently being used on a provider-to-provider, and sometimes a provider-to-region difference, PCG is unable to conduct a fiscal impact analysis. The following methodologies were utilized in this attempt:

Method 1: Claim Repricing

The first method employed was to seek to reprice service claims for calendar year 2019, utilizing the new rates included in the study. This method would give PCG and MRS a look at the deviation from cost-neutrality after adjusting for inflation on a per service basis. It would also serve the dual-purpose of creating a baseline analysis for provider solvency to check individual profit/loss margins against those reported in individual cost reports. Due to incongruent fee schedules and lack of unit descriptors, this method was not reliable for use.

Method 2: Provider Sampling

A second method was then developed to review all provider fee schedules and reach a large plurality of providers with similar or near-similar fee schedules to operate under the assumption of unit sameness. After reviewing fee schedules, matches could only be made on a limited basis, typically with services such as Job Coaching, Pre-ETS group services, or Job Shadowing. Selected providers amounted to between 25-35% of MRS payments. Upon reviewing service line-item notes, it was noticed that the units and per-unit expenditures did not match provider fee schedules. Specifically, PCG would encounter an hourly rate on Provider A fee schedule, and then encounter bundled payments on invoices or encounter a payment rate that differed from the stated fee schedule rate. Therefore, it was determined that any fiscal impact utilizing this method would be inaccurate.

Method 3: Client-Based Pricing

PCG then focused on client-based models to develop a fiscal impact report. This methodology sought to develop a standard “service basket” that could accurately reflect typical services utilized by clients, then reprice to find the variance from the per client expenditures reported on the most recent RSA 911 report. PCG was unable to obtain an accurate accounting of services utilized by clients due to discrepancies in provider reported hours via milestone or front-loaded programmatic payments. The use of assumptions based on stakeholder or VR expertise was considered, but ultimately it was determined to be too variant.

While no fiscal impact can be determined at this time, this has been taken into consideration in the [Implementation Strategy](#) section of this report, where strategies to mitigate unforeseen increased costs are examined. These implementation procedures will help limit financial risk from new service fees.

INFLATION CONSIDERATIONS

The rates calculations were based on data collected primarily from 2019-20. PCG recommends MRS consider the inflation factors described below when moving forward, based on the actual implementation period. For example, rates that would be implemented in 2021 instead of 2020 will require additional increases to account for the inflation in costs that will likely occur leading up to 2021. There are several mechanisms to account for inflation. PCG recommends using a reliable source such as the Consumer Price Index (CPI), which is made available by the Bureau of Labor Statistics. Specifically, the CPI-U index covers all urban consumers, representing the cost of all items to 93% of the U.S. population. The Midwest region would be most appropriate benchmark which is comprised of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin¹⁵.

As **Table 32: Inflation Over Time: CPI-U Summary – Midwest Region** illustrates below, the average cost of items increased approximately one to three percent over the past five years, averaging **1.58** percent annually over that period. The table below shows the average increase for the month of January of each year the past five years.

Table 32: Inflation Over Time: CPI-U Summary – Midwest Region

Year	Month	Annual	Inflation	Five-Year Average
2015	January	221.545		
2016	January	223.301	0.8%	
2017	January	228.279	2.2%	
2018	January	232.028	1.6%	
2019	January	233.837	0.8%	
2020	January	239.690	2.5%	1.58%

Table 33: COVID-19 Impact on Inflation: CPI-U Summary – Midwest Region shows the inflation averages for the month of April each year the past five years, which includes the impact of COVID-19. Data collected for the CPI was suspended in March and impacted in April due to temporary closings and/or limited operations of data collection.¹⁶

¹⁵ U.S. Bureau of Labor Statistics. (2020). Midwest Information Office.

<https://www.bls.gov/regions/midwest/>

¹⁶ U.S. Bureau of Labor Statistics. (2020). BLS Information. *Effects of COVID-19 Pandemic on BLS Price Indexes*. <https://www.bls.gov/bls/effects-of-covid-19-pandemic-on-bls-price-indexes.htm#CPI>

Table 33: COVID-19 Impact on Inflation: CPI-U Summary – Midwest Region

Year	Month	Annual	Inflation	Five-Year Average
2015	April	223.797		
2016	April	225.609	0.8	
2017	April	229.682	1.8	
2018	April	233.913	1.8	
2019	April	237.510	1.5	
2020	April	236.474	-0.4	1.1%

The table below shows how the 1.58 percent inflation factor could be applied annually. Notice that the 1.58 percent factor is applied to each preceding year. This effectively increases the percentage each year as the figure is continuously applied to a larger baseline. This means that each rate should be multiplied by the inflation factor based on the implementation year.

Table 34: Inflation Factorization

Inflation Source	Base Time Period	Implementation Period	Inflation Calculator
BLS Midwestern CPI-U	2020	July 2020	100.00%
BLS Midwestern CPI-U	2020	July 2021	101.58%
BLS Midwestern CPI-U	2020	July 2022	103.18%
BLS Midwestern CPI-U	2020	July 2023	104.82%
BLS Midwestern CPI-U	2020	July 2024	106.48%

RATE RECOMMENDATIONS

RECOMMENDED COST-BASED RATES

PCG recommends the following service rates, shown in **Table 35: Cost Based Rate Recommendations** and **Table 36: Recommended Group Rates** below.

Table 35: Cost Based Rate Recommendations

Service	Sub-Service	Unit	Rate
Assessment, Diagnostic & Evaluation Services	Trial Work Experience	Hour	\$47.69
Assessment, Diagnostic & Evaluation Services	On-the-Job Evaluation	Hour	\$47.69
Assessment, Diagnostic & Evaluation Services	Job Coach Services During Evaluation	Hour	\$36.88
Assessment, Diagnostic & Evaluation Services	Job Shadowing	Hour	\$67.87
Benefits Counseling		Hour	\$80.86
Counseling and Guidance		Hour	\$63.75
Customized Employment Services	Discovery	Hour	\$66.70
Customized Employment Services	Placement Activities	Hour	\$66.70
Employment/Placement Services	Job Development/ Placement Assistance	Hour	\$61.45
Employment/Placement Services	Follow-up Services	15-min	\$11.39
		Tier 1 Cap	\$273.43
		Tier 2 Cap	\$364.57
		Tier 3 Cap	\$546.85
Personal Assistant Services (Attend Care, etc.)	Corporate Entity	Hour	\$31.68
Personal Assistant Services (Attend Care, etc.)	Independent Operator	Hour	\$23.87
PRE-ETS	Counseling on Post-Secondary Training	Hour	\$79.28
PRE-ETS	Job Exploration Counseling	Hour	\$79.28
PRE-ETS	Self-Advocacy Training in Peer Mentoring	Hour	\$79.28
PRE-ETS	Work Based Learning Experiences	Hour	Negotiated
PRE-ETS	Workplace Readiness Training	Hour	\$64.88
Training - Miscellaneous	Job Readiness Training	Hour	\$56.45
Training - Miscellaneous	Job Coaching - Non-Supported Employment	Hour	\$36.88
Training - Miscellaneous	Job Coaching - Supported Employment	Hour	\$36.88
Training - Miscellaneous	Cognitive Remedial or Literacy Training - Corporate Entity	Hour	\$64.07
Training - Miscellaneous	Cognitive Remedial or Literacy Training - Independent Operator	Hour	\$47.76
Training - Miscellaneous	Tutoring I: Undergraduate student majoring in area of	Hour	\$19.95

Service	Sub-Service	Unit	Rate
	tutoring; persons with AAS from technical school		
Training - Miscellaneous	Tutoring II: Graduate students without a teaching certificate majoring in academic area in which they are tutoring persons with 4-year degrees from college or university	Hour	\$26.55
Training - Miscellaneous	Tutoring III: Persons with a teaching certificate in academic areas (Math, English, for example) in which they are tutoring; persons with teacher certification in learning disabilities	Hour	\$33.20
Training - Miscellaneous	Tutoring IV: Persons with Master's degree in academic area in which they are tutoring; persons with Master's degree with teacher certification in learning disabilities	Hour	\$46.50

Table 36: Recommended Group Rates¹⁷

Service	Sub-Service	Unit	1:3 Staffing	1:4 Staffing	1:5 Staffing	>1:6 Staffing
PRE-ETS	Counseling on Post-Secondary Training	Hour	\$31.00	\$24.66	\$20.69	\$14.75
PRE-ETS	Job Exploration Counseling	Hour	\$31.00	\$24.66	\$20.69	\$14.75
PRE-ETS	Self-Advocacy Training in Peer Mentoring	Hour	\$31.00	\$24.66	\$20.69	\$14.75
PRE-ETS	Workplace Readiness Training	Hour	\$25.37	\$20.18	\$16.93	\$12.07
Training - Miscellaneous	Job Readiness Training	Hour	\$22.07	\$17.56	\$14.73	\$10.50

Work Shop/ Work Sample

Throughout this project, PCG and MRS discussed challenges and limitations of using the Work Shop/Work Sample rate. The Work Shop/Work Sample Evaluation service is rarely utilized because current best practice is to conduct on-site job evaluations in lieu of a work shop/work sample evaluation in a community rehabilitation organization. Community-based assessments are current standard practice among providers. Removing this rate would encourage providers to connect clients with services like On-the-Job Evaluation. PCG thus recommends that MRS remove the service rate for Work Shop/Work Sample Evaluation. In connection with this, we recommend incorporating Work Shop/Work Sample Evaluations into the On-the-Job Evaluation definition for providers still transitioning towards community-based assessments.

Counseling and Guidance

¹⁷ Sum totals of group rates per individual result in a higher total than 1-on-1 services. This is to accommodate for additional report writing for each unique individual in the group.

PCG recommends changing the definition of Counseling and Guidance services in the MRS Service Manual to make it more narrow. The definition is currently broad and inclusive of several different counseling services:

- Counseling Provided by Michigan Rehabilitation Services (MRS) Personnel
- Counseling Purchased from other Providers (such as psychotherapy)
- Counseling Provided by Professional Counselors, Psychologists, Marriage and Family Counselors
- Counseling Provided by Mental Health Counselors or Work Adjustment Specialists
- Counseling Provided by Substance Abuse Treatment Providers
- Debt Management Counseling
- Peer Counselors

PCG recommends separating out Rehabilitation Counseling services from other counseling services. We recommend a cost-based rate methodology for Rehabilitation Counseling, and a methodology using Current Procedural Terminology (CPT) codes for therapeutic counseling services. PCG recommends using the calculated hourly rate of \$63.75 for Rehabilitation Counseling services; understanding that this service is typically provided by state-employed VR Counselors, we recommend using this rate in the rare instances when MRS has to privately contract for Rehabilitation Counseling. Other counseling services should be negotiated with the provider or utilize a methodology like [Psychological Clinical Evaluation & Related Services, including substance abuse](#) services outlined in the next section if an appropriate calculator is available.

Customized Employment Services

Customized Employment Services is currently comprised of a job discovery service and a placement service. PCG recommends splitting Customized Employment Services into two separate service categories: Discovery and Placement Activities, as shown in Error! Reference source not found. 35 above.

Follow-up Services

PCG recommends a 15-minute service unit for Follow-up Services. This deviates from other cost-based hourly rates due to the nature of follow-up service delivery. Follow-up services are provided after the client has been employed; direct service workers conduct outreach to determine whether the client is experiencing challenges with their employment. These activities consist of different types of contact such as a phone call or in person meeting. When issues are discovered upon follow-up, the direct service worker then provides additional services as needed. However, the follow-up itself happens in smaller units of time than other ongoing services. Because of this, PCG recommends the 15-minute service unit.

MRS has previously paid for this service in flat rates over an established period of time as part of milestone payments. PCG recognizes that milestone payments are embraced by the industry across different services. However, limitations with the data prevented our team from being able to recommend milestone payments based on the costs of service delivery. Using a fee-for-service rate would allow MRS to collect valuable information that could inform a Value Based Purchasing (VBP) or milestone methodology based on real costs in the future.

One option for containing costs under this system is to utilize a cap for the maximum allowable payment amount over an established period of time. We recommend three tiers of maximum payments over a period of 90 days, with payments increasing based on client needs, as shown in **Table 35**. These tiers were developed based on professional subject matter input and best practice guidance. Tier 1 estimates 6 (24 units) hours of total follow-up time during the 90-day time period. Tier 2 estimates 8 hours (32 units) and Tier 3 estimates 12 hours (48 units). Using a 15-minute rate may have cost savings if the worker does reach the maximum payment amount, which is the equivalent of the flat fee currently in use.

Personal Assistant Services

PCG recommends two hourly rates for Personal Assistant Services: an hourly rate of \$31.68 for Personal Assistant working in a Corporate Entity and an \$23.87 hourly rate for Independent Operators. Personal Assistants are often hired by and receive pass-through hourly payments from the VR client, but occasionally will be hired from a third-party organization by MRS. Because of this, PCG set two rates for the Personal Assistants: one for Assistants from a Corporate Structure, which factors in benefits and an overhead administration rate; and one rate for Independent Operators which does not include any overhead costs.

Pre-ETS: Counseling on Post-Secondary, Job Exploration Counseling, Self-Advocacy Training in Peer Mentoring

PCG recommends using a composite rate built with the wage and billable percent data for Pre-ETS Counseling on Post-Secondary, Job Exploration Counseling, and Self-Advocacy Training in Peer Mentoring. We recommend a base, individual rate of \$79.28/hour with four tiers of group rates based on staffing ratios.

Work Based Learning Experiences

For Work Based Learning Experiences, PCG recommends that MRS set pricing individually based on a percentage of the negotiated wage as an “administration fee” and pay for the accompanying services using other specific subservices such as Job Coaching – Non-supported Employment.

Workplace Readiness Training, Job Club or Job Seeking Skills

PCG recommends a composite rate build with wage and billable percent data for Workplace Readiness Training and Job Club or Job Seeking Skills. We recommend group rates for these service, as shown in **Table 36** above.

Job Readiness Training

PCG recommends group rates for Job Readiness Training in addition to a one-on-one rate, as shown in **Table 36** above.

On-the-Job Training

Payments for On-the-Job Training are often negotiated with the provider. Because of this, PCG does not recommend cost-based rates.

Tutoring

PCG recommends four tiers of tutoring rates based on the qualifications of the tutor, as shown in **Table 35** above. Tutoring rates based on qualification were set by using a cost-based rate model for Tier IV tutoring, with percentage reduction for each tier based on Peer State design.

RECOMMENDED RATES OUTSIDE OF COST-BASED METHODOLOGIES

Several services included in the rate study project are unable to have cost-based rate structures, either due to individualized circumstances, rarity of services hindering data collection, or nature of the service. This section includes PCG’s recommendations on rate-setting methodologies for those services.

Hearing Aids

With the pending closure of the AudioNet contract, PCG was tasked with researching and recommending a payment methodology for hearing aids and any related expenditures. After reviewing peer state methodologies, leveraging PCG experience, and consulting with MRS as to programmatic needs, PCG recommends a market-based approach to pricing hearing aids and devices.

PCG recommends that hearing aids and associated supplies and equipment, including batteries and other items necessary for full functionality of the hearing aid should be priced as a percentage of the Manufacturer's Suggested Retail Price (MSRP). Documentation of either would be submitted by the provider or manufacturer depending on future MRS policy and manually priced by regional staff. PCG recommends pricing at 80% of MSRP. While these are recommended percentages, under this methodology, MRS may choose different percentages to apply across the board. If MRS chooses to deviate from the 80% marker, its recommended they not deviate beyond 75-90%.

This methodology will not negotiate best-price or set fixed costs, resulting in unknown annual expenditures, but does alleviate two issues suggested in feedback: administrative oversight and fair-market value. PCG believes that pricing according to documented costs will reduce current expenditures on an individual basis. Individual payments for hearing aids under the AudioNet contract were significantly higher than peer state organizations. Additionally, it will incentivize client choice by adding flexibility to new manufacturer's or models that may better suit individual needs. Lastly, this methodology of pricing will better reflect fair value for services rendered.

In addition to the devices themselves, several tertiary services will require pricing. It is recommended to retain the AudioNet Initial Audiological Assessment and Hearing Aid Evaluation rates of a \$50 flat rate for both, with a \$100 flat fee for binaural Hearing Aid Evaluations. It is also recommended that a dispensing fee be set at the current Michigan Medicaid rates of \$195.37 for monaural and \$336.32 for binaural. PCG took this into account when recommending device pricing percentages. Additionally, PCG recommends conformity checks be priced at \$35.75 and ear molds be priced at \$45.54. If the MSRP percentage changes, it is advisable to revisit these prices for incorporation into a single reimbursement. These recommendations were evaluated against state Medicaid rates (as Medicare does not cover hearing aids and private insurers have proprietary rates). Rates for assessments are generally comparable, but medical billing may vary based on unique client conditions and needs. PCG also evaluated this against the need to retain the current level of audiological provider participation to maintain sufficient access to services. Table 37 below outlines all hearing aid fees.

Table 37: Recommended Hearing Aid Rates

Service	Suggested Pricing
Hearing Aid and Necessary Supplies	80% Manufacturer Suggested Retail Price (MSRP)
Audiological Assessment	\$50
Hearing Aid Evaluation; Monaural	\$50
Hearing Aid Evaluation; Binaural	\$100
Dispensing Fee; Monaural	\$195.37
Dispensing Fee; Binaural	\$336.32
Conformity Check	\$35.75
Ear Molds	\$45.54

Psychological Clinical Evaluations & Related Services, including Substance Abuse

PCG recommends utilizing the LEO, Workers' Compensation Agency (WCA) health care service fee schedule calculators to appropriately price these services. These tools were developed under the LEO umbrella, which allows for ease of use and coordination by MRS. Specific to Psychological Clinical Evaluations and Related Services, the RBRVS calculation document should be utilized. RBRVS is the common acronym for Resource-Based Relative Value Scale, a healthcare payment methodology designed to set rates based on work, practice expense, and malpractice insurance. These tools, along with details on their methodologies, may be found at: <https://www.michigan.gov/leo/0,5863,7-336--487134--,00.html>

The first section of this tool utilizes the traditional healthcare Common Procedural Terminology (CPT) to identify the service(s) rendered along with any applicable modifiers (see Figure 12). These core indicators will result in the effective pricing of the service. All providers offering healthcare related services, including Psychological Clinical Evaluations will be familiar with these codes and should complete the tool and submit the document along with their claim to MRS.

PAYMENT INFORMATION	
ENTER CPT	
ENTER TC or 26 MODIFIER (if applicable)	
ENTER OTHER MODIFIER* (if applicable)	
DESCRIPTION	
FACILITY TOTAL RVU	0
NON FACILITY TOTAL RVU	0
CONVERSION FACTOR	\$47.66
FACILITY MAP	\$0.00
NON FACILITY MAP	\$0.00

Figure 10: WCA RBRVS Calculator 1st Section

Figure 11: WCA RBRVS Calculator 2nd Section shows the secondary fields related to healthcare services. These items are not applicable to psychological clinical evaluations or related services, but may be used for broader medical or surgical procedures should MRS seek to broaden this tool's use to all healthcare services.

ADDITIONAL INFORMATION**	
GLOBAL SURGERY	
PC/TC INDICATOR	
MULTIPLE PROCEDURE	
BILATERAL PROCEDURE	
ASSISTANT SURGEON	
CO SURGEON	
TEAM SURGERY	
DIAGNOSTIC IMAGING FAMILY INDICATOR	

RESET

Figure 11: WCA RBRVS Calculator 2nd Section

Figure 12: WCA RBRVS Calculator Modifier List shows a list of modifiers allowed within the modifiers fields in Figure 10. These are referenced for staff or providers completing the form to accurately show pricing as well as giving a list of choices for the above fields. PCG recommends adopting these payment reductions as the RBRVS system is developed around several factors, including

***Modifiers:**
 TC - Technical Component
 26 - Professional Component
 AH - Licensed Psychologist - 100%
 AJ - Certified Social Worker - 85%
 AL - Limited Licensed Psychologist - 85%
 CS - Limited Licensed Counselor - 64%
 GF - Nurse Practitioner or Physician's Assistant - 85%
 LC - Licensed Professional Counselor - 85%
 MF - Licensed Marriage & Family Therapist - 85%
 ML - Limited Licensed Marriage & Family Therapist - 64%
 80 - Assistant Surgeon - 20%
 81 - Minimum Assistant Surgeon - 13%

Figure 12: WCA RBRVS Calculator Modifier List

This methodology offers a variety of advantages compared to cost-based rate setting, such as:

1. RBRVS methodologies are long-established and widely used across the country as a base for rate-setting.
2. It appropriately compensates for all aspects involved in service delivery, taking into account the work expense (time and skill), practice expense (operating costs), and malpractice insurance expense.
3. Many providers are already adapted to this methodology, as its widely used in Medicaid, Medicare, and Workers' Compensation programs, as well as setting a baseline for rate negotiations with private insurers.
4. The conversion factor is independently set based on State financial situations, giving overall budgetary control to the program. It is not recommended to deviate too much annually to ensure provider continuity.
5. Using CPT coding will allow better data granularity for providers billing, program monitoring, and future policy development.

Interpreter Services

Interpreter services are currently separated into two categories, Sign-Language Interpreter and Foreign Language Interpreter. Due to the lack of service history, and the unlikelihood of participants in a data-collection process, PCG proceeded investigating alternative methodologies to cost-based rates early in the process. Ultimately, PCG recommends instituting two hourly rates based on credentialing and certification as well as levels of complexity as outlined by the [Michigan Board of Deaf Person's Interpreters Minimum Standards](#). Provider credentialing levels for sign-language interpreters can be determined using the [Department of Licensing and Regulatory Affairs](#) search function. **Table 38: Interpreter Service Peer State Price Comparison** shows PCG's peer state comparison. **Table 39: Interpreter Service Pricing Recommendations** outlines PCG's recommendations for pricing. Additionally, PCG recommends Interpreter Services continue to reimburse mileage separately at the annual State mileage rate.

Table 38: Interpreter Service Peer State Price Comparison

Sign Language Interpreter Services				
State	Michigan (2019 Average Unit Rate)	Indiana	Colorado	North Carolina
Rate 1:	\$53.83/unit	\$45/hr with <10 years' experience	\$60/hr	\$40/hr M-F 7am-5pm
Rate 2:		\$50/hr with 10-15 years	\$15 for each 15 minutes >2 hours	\$60/hr M-F 5pm-7am, weekends, & holidays
Rate 3:		\$55/hr with >15 years		
Notes:		Dependent on skill/ professional level	Dependent on skill/ professional level	Dependent on credentialing

Several peer states do make rate adjustments dependent on both credentialing, level of experience, or off-hour premiums. PCG has incorporated credentialing and experience into these recommendations. Later review may be advisable based on community feedback and future monitoring.

Table 39: Interpreter Service Pricing Recommendation

Minimum Standard Level	Credentialing/Endorsement Requirements	Rate
Standard Level 1	BEI I, DI, NAD III, IC, and TC	\$50 per hour
Standard Level 2	BEI II, CI, CT, OTC, NAD IV, NIC, NIC Advanced, and NIC Master	\$55 per hour
N/A	Foreign Language Interpreter Services	\$50 per hour

RATE IMPLEMENTATION STRATEGIES

When implementing new fee schedules, several aspects must be weighed when devising a strategic plan for implementing. This section serves to discuss these various options and their role within new rate roll-out.

Fiscal Impact

As previously discussed, data quality and current fee mismatching has inhibited PCG's fiscal impact estimate of these rates. With no immediately available fiscal impact, the State should take a measured or phased approach to rates. Additionally, to better predict at least short-term rate impacts, the State should request new authorizations for select services at least 30 days prior to the implementation of a new rate. Urging as many new authorizations as possible in advance will help to alleviate rushes of incoming authorizations, giving MRS staff adjustment time and opportunity to critically evaluate the new authorizations. With consistent data elements in place with rates, MRS will be able to monitor expected costs on a service level to ensure consistent expenditures. If spikes in expenditures are noticed early, the State will have time to adjust implementation strategy, either potentially delaying implementing or revising rates based on the number of billable hours being authorized compared to data collection findings.

Broad implementation vs. Phased implementation

The largest consideration that will most broadly impact state budgets and work requirements is the decision to either implement all new rates simultaneously or to phase in rates over a longer timeframe. When implementing all rates simultaneously, any fiscal impact would be more immediate and then steady over a shorter time frame. This method is more advantageous from an administrative perspective for both MRS and providers. Authorizations will need to be renewed for many providers, who don't adhere to the service definitions or unit measurements. Implementing all new rates at the same time will allow for a single authorization adjustment. This may be mitigated by working to phase in new rates along typical provider authorization renewal schedules (ex. Every 90 days).

Timing

Timing is most affected by the State's budgetary situation, including start of a new fiscal year, potential Covid-19 impacts on budgets, and staffing requirements. While PCG is unable to comment on MRS position among these aspects, some considerations when crafting an implementation plan may be:

- What is the state-share budget for services going into the next fiscal year?
- How does that compare to this year?
- What is the current workload on regional staff and when is their "peak" workload throughout the year?
- What time of year does MRS see current surges or drops in authorization requests?

Staff Impacts

Some training will need to be undertaken for regional staff prior to implementation. This will greatly depend on any programmatic recommendations MRS chooses to adopt prior to rate implementation. Topics of potential staff training include; pricing for provider claims, new claim form training, pricing services outside of the cost-based rate study. A portion of PCG's contract is allocated towards Additional Support and Technical Assistance, which could help coordinate staff trainings in these areas. A major consideration is how quickly trainings can be coordinated as these will need to take place prior to any implementation

Regional vs. Statewide Roll-out

Whenever possible, programmatic changes should take place on a statewide level to maintain equitable treatment of providers, fairness in client access to services, and as a best practice to ease program administration burdens. However, due to the current functions of regional staff, provider operations largely working on a regional basis, and an unknown fiscal impact, this may be a route MRS chooses. This implementation strategy would allow for a phased regional roll-out of the new rates. Starting with one or two regions would give an initial cost impact to MRS with much less risk to the budget. Specific difficulties to this route include obtaining federal guidance on this implementation strategy. Federal oversight is often hesitant to non-statewide implementations unless working under an approved pilot study program. Additionally, MRS would need to locate a region or regions with providers willing to undertake the risk of new rate structures before their peers.

Public and Stakeholder Considerations

Even though this project was largely required due to program monitoring and is required for compliance with federal regulations, implementing outcomes will still require a broad coalition of willing political partners, provider agreement, and client representation. Coordinating the best implementation strategies will require working with these partners to determine timelines, budgetary impacts, and coordinating continuous service delivery.

PCG Implementation Recommendations

While PCG is not in a position to determine the best course for MRS, their providers, and clients receiving services, some general recommendations include:

1. **Plan for a phased roll-out:** Due to the lack of a clear fiscal impact, MRS should consider a phased roll-out, likely starting with the Training services and subservices. These are more commonly delivered hourly now and would be less of an adjustment for providers and allow for fewer service disruptions. Pre-ETS services should be timed for implementation during the least billed portion of the year. Stakeholder engagement would better indicate the timing for this, as PCG's Pre-ETS survey did not reveal a significant difference.
2. **Work with providers to phase in new authorizations:** Staffing issues at the regional and state level will require significant work to receive new authorizations for services. Many providers currently don't mirror these services or service descriptions, sometimes bundling service packages. These will require new authorizations, unless the State chooses to let current authorizations be priced under previous provider rates after the implementation date. This method is not advisable as some providers uneasy about new rates could create a surge of authorizations in the week or two leading up to implementation. MRS should work to give providers significant notice and allow for clients requiring new authorizations at least 45 days prior to implementation.
3. **Monitor the fiscal impact:** As authorizations are submitted and reviewed prior to implementation date, MRS should review these authorizations weekly to monitor the upcoming fiscal impact. If the budget hit is within reasonable limits, the state can feel comfortable moving forward. If the budget hit is beyond allocated funding, the State can choose to hold off on implementation and revisit the issue. Weekly monitoring should continue past implementation to ensure smooth budgetary impacts.

PROGRAMMATIC RECOMMENDATIONS

PCG recommends several key programmatic next steps for MRS to consider that when integrated, will support the new rates in driving quality outcomes delivered by qualified staff. Additionally, the following recommendations support the efficient administration of consistent services that can be tracked over time. These recommendations are based on PCG staff experience and expertise in similar human service programs.

PROVIDER QUALIFICATIONS

PCG recommends that MRS evaluate direct service provider staff qualifications for services where qualifications may have been undefined or inconsistent across providers. Examples of such qualifications to review include personnel that provide Benefits Counseling and employment services such as supported employment or job development services. Because the quality and quantity of outcomes can be contingent on the professionals delivering the services, implementing enhanced provider qualifications can support the provision of quality services across the state. As MRS considers the future vision of the VR program, setting qualifications is one step toward ensuring that professionals have the resources and skills needed to deliver the desired program.

While providers may have an initial investment in staff training, additional financial benefits exist for providers to continue to support the training and retention of their staff. Investing in staff education and credentials may result in decreased turnover, retention cost savings, and increased revenue from skilled professionals. Subsequently, the increased revenue and retained staff may result in increased wages for these professionals.

Job coaching illustrates the benefits of establishing direct service provider staff qualifications. While the education requirements for this service are often set at a high school diploma level, job coaches may be expected to provide highly technical skills to support individuals with high support needs in the workplace. Establishing these minimum qualifications can help to enforce a high level of service, resulting in increased service standards and quality.

Functionally, MRS could set the review standards to fit their current operating structure. While it may prove too burdensome to do a complete canvas of VR providers throughout the state, an attestation to comply during provider agreement renewals would serve to increase compliance with program policy.

SERVICE DESCRIPTIONS

PCG recommends that MRS draft service descriptions to provide parameters of service delivery statewide. Service descriptions can be written in a manner that allows for flexibility in the volume and intensity of a service, at the discretion of the VR counselor and team. Furthermore, implementing statewide service descriptions supports standardized rates for services, in addition to services being delivered for a consistent value. Service descriptions also support quality service delivery when practices are implemented in a consistent manner.

Alongside provider qualifications, PCG recommends that MRS consider how service descriptions support quality outcomes and services. The format and expectations outlined in the service descriptions can support MRS to develop a definition for quality services and what a successful placement looks like.

STANDARDIZED PROVIDER REGISTRATION AND APPROVAL PROCESS

PCG recommends that MRS adopts a standardized provider registration and approval process to support the delivery of services from qualified providers across Michigan. From an operational perspective, providers would apply to be an MRS provider for the services which they are qualified to deliver, they would be reviewed by MRS staff, and then either approved or rejected. Providers would then enter

provider agreements with the rate schedule determined by MRS. PCG recommends, at a minimum, the following information be gathered and reviewed through the registration process:

- Financial information required by MRS to do business as a provider
- Primary and secondary contact information
- Counties or regions services will be offered
- Services and/or products
- Relevant credentials, including expiration dates by provider
- Payment information

MRS will benefit in several ways through the review and approval of provider registrations. After providers enroll, MRS will have extensive data on active providers statewide, including services that can be offered, credentials, and active contact information. Communication and data collection processes may become more efficient and extensive statewide. The review and approval of provider registrations may also support service delivery by providers who have appropriate credentials for service delivery. Overall, a standardized provider registration and approval process adds a layer of quality assurance and administrative efficacy to the VR system overall.

STANDARDIZED CLAIMING

Establishing a uniform fee schedule will provide an opportunity for MRS to set standards in their invoicing procedures. PCG recommends that MRS develop a single use claim form for providers. If the State does not wish to develop a single claim form, PCG advises that MRS adopt a standard set of mandatory data points on all claims or invoices. These data fields include the following:

1. Client ID
2. MRS Authorization Number
3. Provider Name/ID
4. Unique Invoice Number
5. Date(s) of Service
6. Line Item Details
 - a. Service Category
 - b. Sub-service Category
 - c. Units of Service
 - d. Date of Service - Note: *These are the dates a service was performed, not a start/end date of an authorization. Ranges should only be given if services occurred on ALL dates within range.*
 - e. Line Item Invoice
7. Invoice Total
8. Required Documentation (if applicable)

Determining a standardized claiming approach will provide a clearer understanding of provider service delivery and will aid MRS in developing internal controls and enhancing data-driven decision-making in the future. Additionally, these data points will be necessary to develop more sophisticated payment systems, especially for value-based alternative payment methodologies.

CUSTOM CODING STRUCTURE

Some of the peer states researched, such as Colorado, exhibited custom coding structures for service delivery. PCG recommends that MRS adopt a similar custom coding structure to improve system accuracy. Clear alpha-numeric or numeric coding systems would enhance system clarity and data quality. With a defined list of codes and the accompanying description, both the provider and regional staff will be able to recognize the service and catalogue it into the MRS case management system. MRS feedback stipulated that several codes already existed as a baseline with a 3-digit structure. The addition of 2 digits

to the end to distinguish differences in services (i.e., Job Coaching – Supported Employment vs. Job Coaching – Non-supported Employment) would create a series of easily identified codes with a foundational common structure.

VALUE-BASED PAYMENT (VBP) / ALTERNATIVE PAYMENT METHODOLOGIES (APM)

At the outset of the rate study, PCG was tasked to evaluate the potential of value-based payments (VBP) as an alternative payment model (APM) for MRS VR services. Alternative payment models are those that deviate from a traditional fee-for-service system. While APMs have been present throughout VR payment structures across the country, models rarely meet VBP standards of directly linking quality outcomes to payments. However, this model interests many VR programs, providers, clients, and advocacy organizations because they are built to incentivize quality service delivery and cost containment when compared to bulk purchasing, which is often seen in fee-for-service systems.

Current State of VBP

As discussed in the Peer State Research section, few currently used APMs meet the VBP standard of quality inclusion. North Carolina and Colorado have made recent efforts in into the use of VBP models. Due to the recent implementation and limited scale of these programs, however, no publicly available data has been completed on outcomes and cost containment with these models. In the broader perspective of VBP in human services, programs are becoming more and more commonplace. Waiver services, VR program, and other disability service programs have been seeking to move payments in coordination with quality. A current hurdle being tackled in the realm of VBP in human services is defining and measuring quality metrics. Programs work with less clear-cut outcome measurements by and large compared to healthcare, where VBPs are more common practice. Typical measures of quality in the human services realm focus on a continuum scale of components, including the following: satisfaction with services, level of independence gained, community integration, and a variety of other individualistic factors. VR programs, compared to other human services agencies, have the benefit of distinct outcome measurements. The following quantifiable data elements are the most commonly associated with quality service:

- Days employed
- Hourly wage
- Weekly hours worked
- Industry of placement (or Standard Occupational Classification)

While quality of service delivery should include several of the less quantifiable aspects discussed here, these elements are the best opportunity to move beyond a fee-for-service system.

Client Selection Under VBP

One persistent challenge in developing a value-based payment methodology within health or human service areas is to mitigate economic behavior among providers to naturally select clients that will maximize income. While some profit maximizing should be encouraged as this keeps the provider community innovative and competitive, client needs should be taken into account by the State in developing VBP. With payments linked directly to successful outcomes, those clients who may have previous vocational training, a supportive home environment, or comparatively less support needs become highly sought-after to increase overall outcomes. To limit this issue, it is advised that the State add an acuity or needs factor into any VBP methodology, with higher incentive payments for successfully closed cases that presented higher needs. Customizing a methodology to incentivize providers to select an equal number of clients across all levels of needs.

Next Steps for VBP in Michigan

PCG has conducted significant research in VBPs and APMs, including the development of rate methodologies across the country. For this project, PCG has evaluated the ability for VR services to move in this direction, including the review of previous and current projects with Michigan's Community Mental Health programs and the institution of Individual Placement and Supports (IPS) model. Based on these findings, MRS should begin to consider the next steps to move towards a VBP methodology.

1. Data Evaluation

Constantly evaluate fee-for-service data for at least the first 12 months. Monitoring service delivery and utilization will set the groundwork for understanding both programmatic strengths, weaknesses, needs, and service consumption. These statistics will be vital when creating a new methodology based on outcomes.

2. Determine the program's "preferred outcomes"

With the four quantified data elements listed above, MRS should begin discussing what preferred outcomes, or those they would define as a quality outcome, to incentivize. A tiered system based on client acuity on program entry is important to equally incentivize providers to serve clients with both lower and higher needs. In addition to acuity, an outcome does not need to be classified as either quality or non-quality. MRS is encouraged to think about a progressive model that incentivizes multiple tiers of outcomes.

3. Consider if certain service models should be adopted

Some service delivery models have well established fidelity scoring systems that can lend itself well to a VBP system. Adherence to the model is associated with increased outcomes, so better program outcomes would result from incentivizing one or two models. Additionally, a VBP reimbursement system can be piloted with a standardized model easier than a multitude of models. MRS should consider if separate VBP structures will be needed for separate models.

PCG recommends that MRS begin an internal workgroup as soon as possible to start working towards the development of these questions and planning for a future change to a VBP model. While quality outcomes may be the goal, VBP models are still a new frontier in VR, and successful implementation will require a multi-discipline approach of quality, policy, finance, data analytics, and stakeholder engagement.

SUMMARY OF RECOMMENDATIONS

The programmatic recommendations discussed in this section were evaluated and recommended to support the rate recommendations. As the State moves forward with set fee-for-service rates, the natural transition will be to collect information in preparation for an anticipated move towards an alternative payment methodology centered on value-based payments. Defining the relationship between provider qualifications and service descriptions will place greater value on service delivery and set minimum requirements for service provision statewide. This will also foster a better understanding of those professions that can exceed the minimum requirements and evaluate the value-added effect of additional qualifications on enhanced service provision.

PCG also added our provider approval and registration system recommendation to help support the establishment of provider qualifications. As surveying and approving qualifications for direct service providers would be a time-consuming and costly activity, a more effective model will be the implementation of a broader approval process for organizations to self-attest to qualification adherence among their staff. This also establishes standards for which service providers are qualified to deliver, and they can be easily viewed by state staff reviewing authorizations.

Standardized claiming and a formalized coding structure will enable MRS to track utilization information, which is a necessary component for the development of any value-based payment structure.

Standardized data elements will enhance data integrity and ease ongoing program evaluations by ensuring that the comparisons across service providers, clients, and regions are consistent and reliable. Additionally, a formal, set coding structure will further enhance quality and outcome measures. It is critical to draw on the combination of services delivered within a given population when moving towards a system that seeks to incentivize quality as a major factor in reimbursement to reach preferred outcomes. Formal coding systems also serve to create a better understanding between MRS staff and service providers. Structured codes serve as an assent that a specific service, with a standard definition and minimum requirements, is being requested or was delivered. It minimizes any misunderstanding of services and paints a clear picture for all parties of the provider-to-client interaction.

While none of these recommendations are required for the institution of fee-for-service rates, all programmatic recommendations accompany the rate recommendations to better enhance service delivery and data gathering for the State's future evaluation of value-based purchasing options. Value-based purchasing is still relatively new in the field of human services, but as it evolves and options are refined, MRS will be in a strong position to continue its efforts in paying for quality services resulting in quality outcomes throughout its programs.

ACKNOWLEDGMENTS

Public Consulting Group would like to thank the many individuals and agencies that contributed to this report. PCG greatly appreciates the time and effort that leadership and staff from the Michigan Rehabilitation Services invested towards this project. Also, thanks to the Michigan VR rate study stakeholder group, the Centers for Independent Living (CILs) and Community Rehabilitation Organizations (CROs) that provided invaluable input as well as all the VR service providers that participated in submitting data.

Table 40: Rate Study Stakeholder Group

Stakeholder Group	
Member & Title	Organization
Brent Mikulski, CEO/President	Services to Enhance Potential
Caleb Adams, Vice President of Rehabilitation Services	Peckham, Inc.
Carol Bergquist, MCRS	Michigan Council for Rehabilitation Services
Dean Emerson, CEO/President	SVRC Industries, Inc.
Elham Jahshan, Employment Team Director, CAP Advocate	Michigan Protection and Advocacy Services, Inc.
Luke Zelle, President/CEO	The Disability Network
Terey DeLisle, Employment and Training Services Director	Services to Enhance Potential
Tim Hatfield, CEO/President	New Horizons
Todd Culver, CEO	Incompass Michigan
Todd Whiteman, Executive Director	Disability Network Lakeshore

APPENDIX A – BLS DISCIPLINES

MRS Job Title	BLS Proxy Code ¹⁸	BLS Match	Michigan Yearly Mean Salary	Michigan Yearly Median Salary	National Yearly Mean Salary	National Yearly Median Salary
Benefits Planner/Counselor	21-1015	Rehabilitation Counselor	\$ 40,360.00	\$ 36,260.00	\$ 40,160.00	\$ 35,950.00
Employment Service Provider	21-1093	Social and Human Service Assistants	\$ 32,960.00	\$ 30,140.00	\$ 37,050.00	\$ 35,060.00
Independent Living Specialist	21-1015	Rehabilitation Counselor	\$ 40,360.00	\$ 36,260.00	\$ 40,160.00	\$ 35,950.00
Job Coach	21-1093	Social and Human Service Assistants	\$ 32,960.00	\$ 30,140.00	\$ 37,050.00	\$ 35,060.00
Job Developer/Job Placement Specialist	21-1093	Social and Human Service Assistants	\$ 32,960.00	\$ 30,140.00	\$ 37,050.00	\$ 35,060.00
Literacy Specialist	25-3011	Adult Basic Education, Adult Secondary Education, and English as a Second Language Instructors	\$ 53,620.00	\$ 51,310.00	\$ 58,980.00	\$ 54,350.00
Personal Assistant/Personal Care Attendant	31-1120	Home Health and Personal Care Aides	\$ 25,660.00	\$ 24,090.00	\$ 26,440.00	\$ 25,280.00
Psychologist	19-3039	Psychologists, All Other	\$ 86,190.00	\$ 93,080.00	\$ 98,230.00	\$ 101,790.00
Social Worker	21-1029	Social Workers, All Other	\$ 56,150.00	\$ 54,480.00	\$ 61,750.00	\$ 61,230.00
Tutor	25-3097	Tutors and Teachers and Instructors, All Other	\$ 47,790.00	\$ 40,620.00	\$ 48,700.00	\$ 39,350.00
Vocational Evaluator	21-1015	Rehabilitation Counselor	\$ 40,360.00	\$ 36,260.00	\$ 40,160.00	\$ 35,950.00
Vocational Rehabilitation Counselor	21-1015	Rehabilitation Counselor	\$ 40,360.00	\$ 36,260.00	\$ 40,160.00	\$ 35,950.00
Vocational Service Coordinator	21-1015	Rehabilitation Counselor	\$ 40,360.00	\$ 36,260.00	\$ 40,160.00	\$ 35,950.00

¹⁸ U.S. Bureau of Labor Statistics. (2020). Occupational Employment Statistics. *May 2019 State Occupational Employment and Wage Estimates Michigan*. https://www.bls.gov/oes/2019/may/oes_mi.htm#21-0000

APPENDIX B – RATE CALCULATION TABLES

Assessment, Diagnostic & Evaluation Services	
Trial Work Experience	
	Rate Build Up
Wage	\$ 16.61
Annual Salary	\$ 34,547.95
Min Wage Check	\$ 16.61
ERE/Benefits (35.57%)	\$ 5.91
EMPLOYEE TOTAL	\$ 22.52
Subcontractor	
Total Hourly Personnel Cost	\$ 22.52
Program Administration (29.7%)	\$ 9.50
BASE RATE	\$ 32.02
Billable/Non-billable consideration	\$ 45.75
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 47.69

Assessment, Diagnostic & Evaluation Services	
On-the-Job Evaluation	
	Rate Build Up
Wage	\$ 16.61
Annual Salary	\$ 34,547.95
Min Wage Check	\$ 16.61
ERE/Benefits (35.57%)	\$ 5.91
EMPLOYEE TOTAL	\$ 22.52
Subcontractor	
Total Hourly Personnel Cost	\$ 22.52
Program Administration (29.7%)	\$ 9.50
BASE RATE	\$ 32.02
Billable/Non-billable consideration	\$ 45.75
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 47.69

Assessment, Diagnostic & Evaluation Services	
Job Coach Services During Evaluation	
	Rate Build Up
Wage	\$ 14.12
Annual Salary	\$ 29,370.66
Min Wage Check	\$ 14.12
ERE/Benefits (35.57%)	\$ 5.03
EMPLOYEE TOTAL	\$ 19.15
Subcontractor	
Total Hourly Personnel Cost	\$ 19.15
Program Administration (29.7%)	\$ 8.08
BASE RATE	\$ 27.22
Billable/Non-billable consideration	\$ 34.94
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 36.88

Assessment, Diagnostic & Evaluation Services	
Job Shadowing	
	Rate Build Up
Wage	\$ 17.50
Annual Salary	\$ 36,408.50
Min Wage Check	\$ 17.50
ERE/Benefits (35.57%)	\$ 6.23
EMPLOYEE TOTAL	\$ 23.73
Subcontractor	
Total Hourly Personnel Cost	\$ 23.73
Program Administration (29.7%)	\$ 10.01
BASE RATE	\$ 33.75
Billable/Non-billable consideration	\$ 65.93
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 67.87

Benefits Counseling	
	Rate Build Up
Wage	\$ 20.73
Annual Salary	\$ 43,123.33
Min Wage Check	\$ 20.73
ERE/Benefits (35.57%)	\$ 7.38
EMPLOYEE TOTAL	\$ 28.11
Subcontractor	
Total Hourly Personnel Cost	\$ 28.11
Program Administration (29.7%)	\$ 11.86
BASE RATE	\$ 39.97
Billable/Non-billable consideration	\$ 78.92
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 80.86

Counseling and Guidance	
	Rate Build Up
Wage	\$ 16.99
Annual Salary	\$ 35,344.50
Min Wage Check	\$ 16.99
ERE/Benefits (35.57%)	\$ 6.05
EMPLOYEE TOTAL	\$ 23.04
Subcontractor	
Total Hourly Personnel Cost	\$ 23.04
Program Administration (29.7%)	\$ 9.72
BASE RATE	\$ 32.76
Billable/Non-billable consideration	\$ 61.81
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 63.75

Customized Employment Services - Discovery	
	Rate Build Up
Wage	\$ 18.61
Annual Salary	\$ 38,702.96
Min Wage Check	\$ 18.61
ERE/Benefits (35.57%)	\$ 6.62
EMPLOYEE TOTAL	\$ 25.23
Subcontractor	
Total Hourly Personnel Cost	\$ 25.23
Program Administration (29.7%)	\$ 10.64
BASE RATE	\$ 35.87
Billable/Non-billable consideration	\$ 64.76
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 66.70

Customized Employment Services - Placement Activities	
	Rate Build Up
Wage	\$ 18.61
Annual Salary	\$ 38,702.96
Min Wage Check	\$ 18.61
ERE/Benefits (35.57%)	\$ 6.62
EMPLOYEE TOTAL	\$ 25.23
Subcontractor	
Total Hourly Personnel Cost	\$ 25.23
Program Administration (29.7%)	\$ 10.64
BASE RATE	\$ 35.87
Billable/Non-billable consideration	\$ 64.76
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 66.70

Employment/Placement Services	
Job Development/Placement Assistance	
	Rate Build Up
Wage	\$ 17.26
Annual Salary	\$ 35,908.81
Min Wage Check	\$ 17.26
ERE/Benefits (35.57%)	\$ 6.14
EMPLOYEE TOTAL	\$ 23.41
Subcontractor	
Total Hourly Personnel Cost	\$ 23.41
Program Administration (29.7%)	\$ 9.88
BASE RATE	\$ 33.28
Billable/Non-billable consideration	\$ 59.51
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 61.45

Employment/Placement Services	
Follow-up Services	
	Rate Build Up
Wage	\$ 18.10
Annual Salary	\$ 37,658.39
Min Wage Check	\$ 18.10
ERE/Benefits (35.57%)	\$ 6.44
EMPLOYEE TOTAL	\$ 24.55
Subcontractor	
Total Hourly Personnel Cost	\$ 24.55
Program Administration (29.7%)	\$ 10.36
BASE RATE	\$ 34.90
Billable/Non-billable consideration	\$ 43.63
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 45.57
90 Days Tier 1	\$ 273.43
90 Days Tier 2	\$ 364.57
90 Days Tier 3	\$ 546.85

Personal Assistant Services (Attend Care, etc.)	Corporate Structure
	Rate Build Up
Wage	\$ 12.34
Annual Salary	\$ 25,667.20
Min Wage Check	
ERE/Benefits (35.57%)	\$ 4.39
EMPLOYEE TOTAL	\$ 16.73
Subcontractor	
Total Hourly Personnel Cost	\$ 16.73
Program Administration (29.7%)	\$ 7.06
BASE RATE	\$ 23.79
Billable/Non-billable consideration	\$ 29.74
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 31.68

Personal Assistant Services (Attend Care, etc.)	Independent Operator
	Rate Build Up
Wage	\$ 12.34
Annual Salary	\$ 25,667.20
Min Wage Check	
ERE/Benefits (35.57%)	
EMPLOYEE TOTAL	\$ 12.34
Subcontractor	
Total Hourly Personnel Cost	\$ 12.34
Program Administration (29.7%)	\$ 5.21
BASE RATE	\$ 17.55
Billable/Non-billable consideration	\$ 21.93
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 23.87

Pre ETS	
Counseling on Post-Secondary Training	
	Rate Build Up
Wage	\$ 17.61
Annual Salary	\$ 36,620.48
Min Wage Check	\$ 17.61
ERE/Benefits (35.57%)	\$ 6.27
EMPLOYEE TOTAL	\$ 23.87
Subcontractor	
Total Hourly Personnel Cost	\$ 23.87
Program Administration (29.7%)	\$ 10.07
BASE RATE	\$ 33.94
Billable/Non-billable consideration	\$ 77.34
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 79.28
Up to 1:3 Staffing Ratio	\$ 31.00
Up to 1:4 Staffing Ratio	\$ 24.66
Up to 1:5 Staffing Ratio	\$ 20.69
Greater than 1:6 Staffing Ratio	\$ 14.75

Pre ETS	
Job Exploration Counseling	
	Rate Build Up
Wage	\$ 17.61
Annual Salary	\$ 36,620.48
Min Wage Check	\$ 17.61
ERE/Benefits (35.57%)	\$ 6.27
EMPLOYEE TOTAL	\$ 23.87
Subcontractor	
Total Hourly Personnel Cost	\$ 23.87
Program Administration (29.7%)	\$ 10.07
BASE RATE	\$ 33.94
Billable/Non-billable consideration	\$ 77.34
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 79.28
Up to 1:3 Staffing Ratio	\$ 31.00
Up to 1:4 Staffing Ratio	\$ 24.66
Up to 1:5 Staffing Ratio	\$ 20.69
Greater than 1:6 Staffing Ratio	\$ 14.75

Pre ETS	
Self Advocacy Training in Peer Mentoring	
	Rate Build Up
Wage	\$ 17.61
Annual Salary	\$ 36,620.48
Min Wage Check	\$ 17.61
ERE/Benefits (35.57%)	\$ 6.27
EMPLOYEE TOTAL	\$ 23.87
Subcontractor	
Total Hourly Personnel Cost	\$ 23.87
Program Administration (29.7%)	\$ 10.07
BASE RATE	\$ 33.94
Billable/Non-billable consideration	\$ 77.34
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 79.28
Up to 1:3 Staffing Ratio	\$ 31.00
Up to 1:4 Staffing Ratio	\$ 24.66
Up to 1:5 Staffing Ratio	\$ 20.69
Greater than 1:6 Staffing Ratio	\$ 14.75

Pre ETS	
Workplace Readiness Training	
	Rate Build Up
Wage	\$ 16.76
Annual Salary	\$ 34,862.78
Min Wage Check	\$ 16.76
ERE/Benefits (35.57%)	\$ 5.97
EMPLOYEE TOTAL	\$ 22.73
Subcontractor	
Total Hourly Personnel Cost	\$ 22.73
Program Administration (29.7%)	\$ 9.59
BASE RATE	\$ 32.31
Billable/Non-billable consideration	\$ 62.94
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 64.88
Up to 1:3 Staffing Ratio	\$ 25.37
Up to 1:4 Staffing Ratio	\$ 20.18
Up to 1:5 Staffing Ratio	\$ 16.93
Greater than 1:6 Staffing Ratio	\$ 12.07

Training	
Job Readiness Training	
	Rate Build Up
Wage	\$16.08
Annual Salary	\$33,447.51
Min Wage Check	\$16.08
ERE/Benefits (35.57%)	\$5.72
EMPLOYEE TOTAL	\$21.80
Subcontractor	
Total Hourly Personnel Cost	\$21.80
Program Administration (29.7%)	\$9.20
BASE RATE	\$31.00
Billable/Non-billable consideration	\$54.51
Mileage	\$1.94
TOTAL HOURLY RATE	\$56.45
Up to 1:3 Staffing Ratio	\$22.07
Up to 1:4 Staffing Ratio	\$17.56
Up to 1:5 Staffing Ratio	\$14.73
Greater than 1:6 Staffing Ratio	\$10.50

Training	
Job Coaching - Non Supported Employment	
	Rate Build Up
Wage	\$ 14.12
Annual Salary	\$ 29,370.66
Min Wage Check	\$ 14.12
ERE/Benefits (35.57%)	\$ 5.03
EMPLOYEE TOTAL	\$ 19.15
Subcontractor	
Total Hourly Personnel Cost	\$ 19.15
Program Administration (29.7%)	\$ 8.08
BASE RATE	\$ 27.22
Billable/Non-billable consideration	\$ 34.94
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 36.88

Training	
Job Coaching - Supported Employment	
	Rate Build Up
Wage	\$ 14.12
Annual Salary	\$ 29,370.66
Min Wage Check	\$ 14.12
ERE/Benefits (35.57%)	\$ 5.03
EMPLOYEE TOTAL	\$ 19.15
Subcontractor	
Total Hourly Personnel Cost	\$ 19.15
Program Administration (29.7%)	\$ 8.08
BASE RATE	\$ 27.22
Billable/Non-billable consideration	\$ 34.94
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 36.88

Training	
Cognitive Remedial or Literacy Training	Corporate Entity
	Rate Build Up
Wage	\$ 25.78
Annual Salary	\$ 53,622.40
Min Wage Check	
ERE/Benefits (35.57%)	\$ 9.18
EMPLOYEE TOTAL	\$ 34.96
Subcontractor	
Total Hourly Personnel Cost	\$ 34.96
Program Administration (29.7%)	\$ 14.75
BASE RATE	\$ 49.70
Billable/Non-billable consideration	\$ 62.13
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 64.07

Training	
Cognitive Remedial or Literacy Training	Independent Operator
	Rate Build Up
Wage	\$ 25.78
Annual Salary	\$ 53,622.40
Min Wage Check	
ERE/Benefits (35.57%)	
EMPLOYEE TOTAL	
Subcontractor	\$ 25.78
Total Hourly Personnel Cost	\$ 25.78
Program Administration (29.7%)	\$ 10.88
BASE RATE	\$ 36.66
Billable/Non-billable consideration	\$ 45.82
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 47.76

Training	
Tutoring I: Undergraduate student majoring in area of tutoring; persons with AAS from technical school	
	Rate Build Up
Wage	\$ 18.49
Annual Salary	\$ 38,459.20
Min Wage Check	\$ 18.49
ERE/Benefits (35.57%)	\$ 6.58
EMPLOYEE TOTAL	\$ 25.07
Subcontractor	
Total Hourly Personnel Cost	\$ 25.07
Program Administration (29.7%)	\$ 10.58
BASE RATE	\$ 35.65
Billable/Non-billable consideration	\$ 44.56
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 19.95

Training	
Tutoring II: Graduate students without a teaching certificate majoring in academic area in which they are tutoring persons with 4-year degrees from college or university	
	Rate Build Up
Wage	\$ 18.49
Annual Salary	\$ 38,459.20
Min Wage Check	\$ 18.49
ERE/Benefits (35.57%)	\$ 6.58
EMPLOYEE TOTAL	\$ 25.07
Subcontractor	
Total Hourly Personnel Cost	\$ 25.07
Program Administration (29.7%)	\$ 10.58
BASE RATE	\$ 35.65
Billable/Non-billable consideration	\$ 44.56
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 26.55

Training	
Tutoring III: Persons with a teaching certificate in academic areas (Math, English, for example) in which they are tutoring; persons with teacher certification in learning disabilities	
	Rate Build Up
Wage	\$ 18.49
Annual Salary	\$ 38,459.20
Min Wage Check	\$ 18.49
ERE/Benefits (35.57%)	\$ 6.58
EMPLOYEE TOTAL	\$ 25.07
Subcontractor	
Total Hourly Personnel Cost	\$ 25.07
Program Administration (29.7%)	\$ 10.58
BASE RATE	\$ 35.65
Billable/Non-billable consideration	\$ 44.56
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 33.20

Training	
Tutoring IV: Persons with Master's degree in academic area in which they are tutoring; persons with Master's degree with teacher certification in learning disabilities	
	Rate Build Up
Wage	\$ 18.49
Annual Salary	\$ 38,459.20
Min Wage Check	\$ 18.49
ERE/Benefits (35.57%)	\$ 6.58
EMPLOYEE TOTAL	\$ 25.07
Subcontractor	
Total Hourly Personnel Cost	\$ 25.07
Program Administration (29.7%)	\$ 10.58
BASE RATE	\$ 35.65
Billable/Non-billable consideration	\$ 44.56
Mileage	\$ 1.94
TOTAL HOURLY RATE	\$ 46.50

APPENDIX C – BILLABLE % USED IN RATE CALCULATION

Service	Sub-Service	Billable % Used
Assessment, Diagnostic & Evaluation Services	Trial Work Experience	70%
Assessment, Diagnostic & Evaluation Services	On-the-Job Evaluation	70%
Assessment, Diagnostic & Evaluation Services	Job Coach Services During Evaluation	78%
Assessment, Diagnostic & Evaluation Services	Job Shadowing	51%
Benefits Counseling		51%
Counseling and Guidance		53%
Customized Employment Services	Discovery	55%
Customized Employment Services	Placement Activities	55%
Employment/Placement Services	Job Development/ Placement Assistance	56%
Employment/Placement Services	Follow-up Services	80%
Personal Assistant Services (Attend Care, etc.)	Corporate Entity	80%
Personal Assistant Services (Attend Care, etc.)	Independent Operator	80%
PRE-ETS	Counseling on Post-Secondary Training	44%
PRE-ETS	Job Exploration Counseling	44%
PRE-ETS	Self-Advocacy Training in Peer Mentoring	44%
PRE-ETS	Work Based Learning Experiences	Negotiated Rate
PRE-ETS	Workplace Readiness Training	51%
Training - Miscellaneous	Job Readiness Training	57%
Training - Miscellaneous	Job Coaching - Non-Supported Employment	78%
Training - Miscellaneous	Job Coaching - Supported Employment	78%
Training - Miscellaneous	Cognitive Remedial or Literacy Training - Corporate Entity	80%
Training - Miscellaneous	Cognitive Remedial or Literacy Training - Independent Operator	80%
Training - Miscellaneous	Tutoring I: Undergraduate student majoring in area of tutoring; persons with AAS from technical school	80%
Training - Miscellaneous	Tutoring II: Graduate students without a teaching certificate majoring in academic area in which	80%

Service	Sub-Service	Billable % Used
	they are tutoring persons with 4-year degrees from college or university	
Training - Miscellaneous	Tutoring III: Persons with a teaching certificate in academic areas (Math, English, for example) in which they are tutoring; persons with teacher certification in learning disabilities	80%
Training - Miscellaneous	Tutoring IV: Persons with Master's degree in academic area in which they are tutoring; persons with Master's degree with teacher certification in learning disabilities	80%

APPENDIX D – WAGE AND BILLABLE PERCENT FOR RATE METHODOLOGY WITH PROPORTIONAL MIX

Wage & Billable Percent by Title															
	Benefits Planner/ Counselor	Employment Service Provider	Employment Specialist	Employment Training Specialist	Independent Living Specialist	Job Coach	Job Developer/ Job Placement Specialist	Personal Assistant/ Personal Care Attendant	Social Worker	Vocational Evaluator	Vocational Service Coordinator	VR Counselor	Youth Transition Specialist		
Wage	\$21.27	\$18.49	\$18.49	\$18.49	\$15.65	\$13.63	\$16.95	\$11.57	\$27.00	\$21.09	\$20.01	\$16.01	\$15.65		
Billable %	53%	43%	43%	43%	41%	82%	58%	77%	37%	63%	54%	41%	41%		
Wage & Billable Percent Calculation with Full Service Case Mix															
Service	Billable Percent from Job Titles Shown Above													Service Wage	Service Billable %
Benefits Counseling	81%	11%	0%	0%	5%	0%	1%	0%	2%	0%	0%	0%	0%	\$20.73	51%
Client Follow-Up Services	5%	19%	1%	0%	12%	1%	41%	0%	1%	13%	6%	1%	0%	\$18.10	53%
Customized Employment Services	0%	15%	1%	0%	6%	3%	35%	0%	2%	23%	15%	0%	0%	\$18.61	55%
General Counseling and Guidance	2%	5%	0%	0%	37%	2%	12%	10%	2%	22%	0%	8%	0%	\$16.99	53%
Job Club / Job Seeking Skills	0%	9%	0%	0%	11%	15%	7%	0%	0%	0%	44%	0%	14%	\$17.61	54%
Job Coach	0%	1%	0%	0%	1%	86%	11%	0%	0%	0%	1%	1%	0%	\$14.12	78%
Job Development / Job Placement	0%	21%	0%	1%	0%	6%	67%	0%	0%	1%	3%	0%	0%	\$17.26	56%
Job Readiness Training	0%	23%	0%	0%	25%	29%	18%	0%	0%	0%	2%	2%	0%	\$16.08	57%
Job Shadowing	0%	40%	0%	0%	5%	0%	55%	0%	0%	0%	0%	0%	0%	\$17.50	51%
On-the-Job Evaluation	0%	13%	0%	0%	2%	62%	2%	0%	1%	21%	0%	0%	0%	\$16.05	71%

Service	Benefits Planner/ Counselor	Employment Service Provider	Employment Specialist	Employment Training Specialist	Independent Living Specialist	Job Coach	Job Developer/ Job Placement Specialist	Personal Assistant/ Personal Care Attendant	Social Worker	Vocational Evaluator	Vocational Service Coordinator	VR Counselor	Youth Transition Specialist	Service Wage	Service Billable %
On-the-Job Training	0%	8%	0%	0%	0%	14%	78%	0%	0%	0%	0%	0%	0%	\$16.61	60%
Personal Assistant Services	0%	54%	0%	0%	0%	0%	46%	0%	0%	0%	0%	0%	0%	\$17.79	50%
PRE-ETS - Advocacy Training	0%	15%	0%	0%	82%	0%	0%	0%	0%	0%	0%	2%	1%	\$16.09	42%
PRE-ETS - Counseling	25%	75%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	\$19.19	45%
PRE-ETS - Job Exploration	13%	19%	0%	0%	50%	0%	0%	0%	0%	0%	14%	1%	3%	\$17.54	45%
PRE-ETS - Work Based Learning Experience	0%	11%	0%	0%	18%	41%	0%	0%	0%	0%	30%	0%	0%	\$16.46	62%
PRE-ETS - Workplace Readiness Training	0%	23%	0%	0%	68%	0%	0%	0%	0%	0%	7%	1%	0%	\$16.60	43%
Trial Work Experience	0%	4%	0%	0%	0%	45%	5%	0%	0%	26%	19%	0%	0%	\$17.17	69%
Tutoring	0%	100%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	\$18.49	43%
Work Shop / Work Sample Eval	0%	36%	0%	0%	3%	0%	1%	0%	0%	49%	11%	0%	0%	\$19.85	54%
Composite for Pre-ETS Advocacy Training, Counseling, Job Exploration Composite														\$17.61	44%
Composite for Trial Work Experience and On the Job Evaluation														\$16.61	70%
Composite for Job Club, Job Readiness Training, and Workplace Readiness Training														\$16.74	51%

APPENDIX E – PRE-ETS SURVEY QUESTIONS

The four questions from the Pre-ETS survey are numbered below. Response formats are explained in brackets next to the question. Below the question, answer options are listed with explanations where applicable.

1. Do you provide Pre-Employment Transition Services (Pre-ETS)? [multiple choice]
 - a. YES >> If yes, the participant can continue onto the remaining survey questions.
 - b. NO >> If no, the survey concludes for the participant.

2. What is the name of your program? [fill in the blank]
 - a. >> Participants could type in a response.

3. When performing group Pre-ETS, which staff-to-student ratios do you commonly use? Please select all options that apply, choosing the closest answers. (If multiple staff are often used, please select the closest ratio; ex. 2 staff to 12 students = 1:6) [multiple choice; participants could select multiple options]
 - a. 1 to 3
 - b. 1 to 4
 - c. 1 to 5
 - d. 1 to 6-8
 - e. 1 to 9-12
 - f. 1 to 12+

4. For each of the services below, please indicate what percent of overall time you spend providing direct services (i.e. client interaction, MRS required reports) during each of the three time periods. Please enter a whole number if you provide a service or leave a field blank if you do not provide that service. [participants could type integers into the white cells in the table below]

	Counseling on Post-Secondary Training	Job Exploration Counseling	Self-Advocacy Training in Peer Mentoring	Work Based Learning Experiences	Workplace Readiness Training
January to April					
May to August					
September to December					