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MRS

20240221 Meeting

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>> Test, one, two, three. This is a captioning test.

>> TYLER GROSS: Hi, everyone. This is Tyler. We're going to get started in a minute. Mark, remember that video setting we dealt with yesterday? Could you flip that and allow us to start our videos as panelists?

>> MARK NOYES: Yep, can do.

>> TYLER GROSS: Hi, everyone. We're just getting a couple things set up on our end, and then we're going to get started here.

>> TYLER GROSS: All right, great. Looks like we're all set up. So thank you, everyone, for joining us today. This is the second of three virtual information sessions that we will be offering this week for vendors to discuss changes to our rate structure and other 2024 programming changes for MRS. Before we begin, I do have a few housekeeping notes I wanted to go through. First, providing notice to you that this session is being recorded. If you speak or turn on your camera during the session, that will be part of the recording. Following the session, we plan to use either this video or one of the other two sessions this week to send a follow-up email to all registrants and to post on our website for anyone who couldn't make the sessions. We encourage questions and comments throughout. Inside of Zoom, we have turned on both the chat and the Q&A feature. We work a little bit differently, but they're both pretty intuitive. And I think you'll manage just fine. We encourage use of either one, whichever one you're more comfortable with, we welcome all comments and questions. We will do our best to address questions throughout the session as they come in. And we have dedicated times throughout the presentation in which we will pause and address any questions that have piled up in the queue. Third, we have closed captioning. We have a CART provider present. So if you want to see captioning inside of the session, please just click the CC captioning button on the bottom of your Zoom interface. We also have sign language interpreters present. You don't need to do anything on your end to see the interpreter. They should be showing above or below me in the gallery right now, but if you have issues with interpreters and you would like to use, just reach out to me and we'll work with you to resolve any issues. We can jump. Thanks, Mark. So before we begin in full, I would like to thank, especially MRS vendors who are in attendance and took the time out of the day to hear our information and provide some feedback. MRS recognizes vendors as an irreplaceable partner the VR in Michigan. And we have a strong desire to work with vendors to improve outcomes for persons with disabilities. We recognize your time is precious. So we will stay focused on the agenda today, stay focused on important information. And we're scheduled for two hours. We will finish on

or before that two-hour mark. Today's information including the increased rates that we're going to discuss and future 2024 programming changes were developed in part in response to information provided by vendors in public sessions such as these that have happened over the past couple years as well as through individual conversations with vendors. We heard your feedback and hopefully today in the information covered today will be an important step in addressing some of the concerns that have been raised to MRS. Namely, and I don't want to bury the lead, MRS is introducing significant rate increases for a wide range of services based on the vendor input we received on the cost of doing business to provide those services and what is needed to promote a healthy VR vendor network in Michigan. These rates and their underlying methodology will be discussed by staff from public consulting group or PC

>> KATHIE MARTIN: G. They are a consult firm that MRS has partnered with and make subsequent rate adjustments. You'll see Mark in the gallery. He will introduce himself in a moment and give you more information on their excellent qualifications for this type of work to assist MRS. A draft of the dated rate schedule was sent to everyone who was register for the session. So if you didn't catch that, check your email. It's there. It provides the previous MRS rates for services. For the issues that we have standardized rates for. And the new rates which will take effect on March 1st of this year. We will also be posting that document on our website and sending it as part of that follow-up email to come. After we discuss the rate enhancement projects a group of staff including myself will provide updates on other changes to come in 2024 these include the development of an MRS vendor manual and additional opportunities for collaboration with MRS on programming implementation and changes that implicate vendor activity in Michigan. So thank you again for attending. We encourage questions throughout. I want to stress that again. And without further ado, I would like to introduce to you Mark Noyes of the public consulting group. Thanks, Mark.

>> MARK NOYES: Thank you very much, Tyler. I appreciate the work MRS has been doing with us over the past couple years. So hello to everybody on the MRS partner side. As Tyler said, my name is Mark Noyes. I'll go deeper into myself in just a moment. But I'm here to really help us learn about the rate refresh process, the finalized rates that MRS will be implementing starting March 1st of this year, a little bit about why MRS has moved to the standardized hourly rates. So that all of you can understand a little bit more about the thing here, the justification, some of the limitations and needs, some of the equities that need to be balanced when we're discussing rates and MRS's partnership with you, as well as getting deep into the weeds of the methodology by which these rates are set including looking at some of the data we used in order to set these rates. That is to say, the information that was used that we built these rates out of so all of you can be more aware of how we came to the set of recommendations that we came to and how MRS chose to go about doing this study, as well as some of the deep, underlying assumptions there so that all of you can have more information about how

these rates are set, and hopefully, feel a little more comfortable with them. I can't guarantee you that everybody will walk away from this with a deep understanding of these rates as maybe one of our rate experts would have, but I will hope to provide you with enough information that you feel you have a deep enough understanding for to you continue doing the work that you do and to have the level of information that you want on these. And that's really what we're here for, to give you the information that you desire, the depth and the level, the complexity of information that you would like to understand these rates, what they are, why they were set, and how they were set. So with that, let's go into a little bit more about us here at PCG and who we are. Public consulting group is a public-sector focused consulting group. We work in health, human services, education, and technology with a client list that is purely public sector and not-for-profit clients across the United States. This includes significant experience working with VR agencies all across the U.S. from Massachusetts to Oregon, Texas and Florida, and the South, Michigan, Wisconsin, Idaho in the North, we really have worked with VR agencies all over the United States over a decade of experience. We work with evaluation, system change, we do a lot of rate setting work. Michigan is not the only state that we have set rates for VR services in. Will not be the last state. Not the first state. Currently, we have worked with Texas, Florida, Idaho, Nebraska, as well as several other states in order to set VR rates as well as work with them on Billing, payment, registrations and other things like that, really across the breadth of VR services. This is one of the reasons why MRS chose to partner with us in order to do this project is the amount of experience we have, the amount of experience we bring to this. I, myself, am a senior consult here at PCG with focus on quantitative and qualitative research methods and data collection. I've done tens of thousands of surveys and data collections with individuals with disabilities. The individuals you all work with every single day. So I'm really happy to be working with MRS to do this and to help them really work to provide rates that support the highest quality of services for individuals with disabilities in the State of Michigan. I'm very, very excited to be doing this. Very excited to be talking with all of you today. So let's go a little bit deeper into some of the specific goals that I have at MRS for this session. And the first one, the number one goal is transparency. MRS wants it to be perfectly clear to everybody who wants to understand how these rates were set exactly how these rates were set. That information is not a secret. This is a well-respected, widely utilized methodology that meets RSA guidelines. MRS wanted to make sure that the individuals, their partner, understood the way that they were coming to these decisions, that this was not an arbitrary process, that this process is based in data, data provided by the MRS partners who it most affect, and the reasons for doing it, and that these are well-justified, well-founded rates. Next, MRS really wanted to make sure that they were fostering partnership. The importance of the partnership with all of their vendors and service providers. Making sure that you have the information that you need to feel comfortable

in that partnership, to feel comfortable with how MRS is going about this is key to being a good partner and to working with all of you, doing all of this to make sure that you have the information that you need to provide the highest quality possible services. MRS really wanted to gain insight from providers. We have been doing a lot of work with MRS's partner network in order to gain insight, to understand some of the challenges you face, understand some of the needs that you have here, and to address them. And this is another opportunity. We're here to give you as much information as possible. But we would also like to take a minute to learn about your reactions, what you want to know more about, what you think is right and what area do you think may need to be tweaked and looked at a little bit more. We can tell you this is not going to be the last conversation on rates that MRS is going to have with all the providers here. It's a big one. It's important. But these are going to be ongoing things. There are going to be changes. There are going to be rate enhancements in the future. Things are going to continue working along. And we want to know what is important to you that MRS focuses on first. We've gotten a lot of feedback over the prior sessions, both the in-person one, our first virtual session yesterday. We are looking to hearing more from all of you today. So with that, a quick agenda, just going into what Tyler said a little bit more specifically. The first thing I'm going to do is show you the new 2024 rates. Just so that you have those. And we can start our conversation off there. I think everybody is going to be very excited to see them. Then we'll go into an overview of the project. Kind of the broad strokes of how we at PCG went about this work. We'll then detail the rate build methodology, the rough process, and the overall process by which rates are constructed at PCG. We will do into data analysis, looking at the actual data PCG collected, utilized to build out these rates in order to provide them to all of you. We'll make some explicit time for questions at the end of each one of these sections and at the end of my presentation today. While we outline next steps and future work that MRS has planned and on the docket. Now that's one thing that I do want to mention. We're going to tackle some major challenges and concerns here, but not everything that we have heard from vendors is addressed here. Some things we are going to be talking about are things that MRS is hoping to do, planning to do, working on for the future. And we'll go into those and highlight some of those a little bit more at the end. And then I'll hand it back to Tyler, Dawn, Rodney, and they'll go over the new upcoming MRS vendor manual that will help address some of the challenges and concerns we have heard from providers over our research in the past year. But that, let me remind you all, again, to ask any questions you have. At some points in this, as you may have noticed, I am going to get into technical details. There will be some math today. I promise there will be some math. And I know that you're all very excited for it. However, anybody who has wrapped up the 8th grade will be able to do every formula, every mathematical process that we do here. It's really just a matter of knowing where we get the data from and how it is applied to build these rates. I'm going to work with you all to hopefully give you the

best understanding of it that you can have. And follow along to get you all the information on the rate setting process and the rate building process that you want to have. I'm very -- I'm really confident that everybody who leaves this session today will have the level of knowledge that they want on how these rates are constructed. And please, stop me at any time to ask questions. Put them in the Q&A, in the chat. You can use the raise hand feature if you would like to ask your question out loud. And I'm happy to address them as they come up or at the designated spots at the end of each section. With that, without further ado, let's hit it. 2024, the new rates. Here they are, this is the rate schedule for all services for which PCG suggested rates in 2020. The MRS 2023 fee schedule shows the rate that MRS was providing for that service as of April of 2023. The 2024 rates column shows the rate that MRS will be implementing March 1st, 2024. There are a few rates that have fallen off the bottom of the page. They are in the handout provided. Almost all of these rates have seen substantial increases. Increases to the tune of 30%-plus across all of these. This is a serious enhancement of these rates. A serious increase. We will go into some of the details and assumptions that change from 2020 to 2023 that justified all of these increases, all of these changes, so that all of you know why these were made, where these were made, and get a better idea of MRS's goals and priorities throughout this process. I will note that we do have one set of rates. The Pre-ETS rates. Mostly stayed the same. This is because in PCG's peer state review, that I'll go into in more detail as we come up, we found that MRS was already providing rates notably higher or equivalent to peer states for all of those Pre-ETS services. So none of those needed to be changed. We did do some normalization so that all three Pre-ETS service rates are now compensated at the same level. However, overall, most of these stayed the same. Up on the screen now, I have a set of group hourly rates. You will notice that this rate schedule for group rates is significantly simplified from the previously published schedule. This is in direct response to feedback we got from vendors who noted that the more detailed group rate schedule caused them significant financial problems when there were cancellations and no-shows among group rate activities. This more simplified schedule should avoid a lot of that. Should avoid a lot of the problems that we heard from vendors when it comes to scheduling larger groups. Allow everybody to provide group services on a much more realistic and reasonable rate, considering some of the challenges there. Now with that, I want to move into the broad overview of the project so that you can all understand the basic steps that PCG went through, and then we'll spend the rest of the presentation going into more detail. So first of all, MRS asked PCG to assess and recommend updated rates. PCG had done these -- the rates in 2020. They full rate setting project. This was a refresh. MRS had heard from vendors that there were significant struggles with the rates that had been established. MRS want PCG to go in and address it using a respected, known methodology to provide really an immediate update to the rates being paid. That's one thing that you're going to hear me echo a few times throughout this



presentation. Is that MRS sought to do this as quickly as possible, while maintaining a rigorous methodology that would pass RSA muster. There are many aspects of the rates that we have heard from vendors that they would like to see changed, updated, calculated differently. MRS has heard those. Is working on those and considering them. But altering the methodology in a significant way like that would have delayed implementation of these current rates. But that was all heard as part of our provider feedback process for this rate refresh. We also got feedback from MRS staff. We got feedback from peer states, peer agency, research into what they're providing for these services and similar services. And we utilized provider expenses that we collected in 2019 and 2020 as a basis for a lot of the calculations and formulas today. Updated with newer information. We conducted a series of provider town halls. I'm sure many of the people on the call listening to my voice right now attended these provider town halls. And we got a lot of feedback from them. A lot of the things that I'm going to list here are things that MRS has heard, understands, and is working on ways to address that are not addressed in this specific presentation, but you will hear more about them in future. First of all, there needs to be more consistent implementations of policies and procedures statewide. Thing is a significant focus of the discussion we're going to have on the MRS vendor manual NSA going to be coming up this afternoon, but there's going to be work to be done here to make sure that policy and procedure is implemented in a standardized way throughout MRS offices. We heard that was a significant burden on partner time, resources, just to navigate MRS's own conflicting internal guidance. There was a desire for quarterly meetings with MRS leadership. More time to interact with, learn from, and provide feedback to MRS leadership. There was a desire for compensation related to credentials and other VR outcomes of this. Is something MRS has heard and is working with PCG on to define the best ways to provide different avenues toward compensation that reward better services, not just more services. However, this runs into a lot of problems with RSA guidance and policy. We'll get into that more in a slide or two. But know this is something that MRS has heard and is working on finding the best way to go about doing this. Compensation that facilitates vendor innovation, providing new services, services and updated and improved ways. Again, this is something that is much more complicated than the set of rates that we have today. And MRS has heard and is working on. Finally, of course, the need for higher rates. And I think that was addressed, the slide we hit previously. Throughout the presentation, you will see the lightbulb. When we have something that we feel addresses a point that was made or a piece of feedback received in town halls or other informational session, we will try to call it out here. So with that, let's -- we're discussing the background of this project. Why did MRS decide that hourly rates and this hourly rate methodology was the right way to go? Well, really it revolves around abiding by federal regulations and guidance. On allowable costs when working with a federal grant. Federal grant dollars. Tiff criteria up on the screen here. And I can tell you that this is a

massively summarized version of what is said in that federal regulation that I cite at the top there. 200.403, factors affecting allowability of costs. Every bullet point here is a 20 to 45-minute presentation. Sometimes it is multiple 20 to 40-minute presentations. Let's take for example the first one. A cost must be necessary and reasonable in order to be allowable under a federal grant. Necessary and reasonable are both terms that lawyers have spent their lives arguing over what is necessary and what is reasonable. There are long definitions of both of these terms. And I have tried to cut it down to just what you need to know. But know that every time MRS makes a change in how they provide funding and compensation to their partners, they need to work through that big, backlog, that big mess of federal regulations and guidelines around how federal dollars can be spent. Each change requires. That's one of the reasons why having a reliable, well-regarded methodology is important because it allows them to show that they are meeting these criteria. So next up, they must conform to any limitations or exclusions. You cannot use federal grant dollars on things that the federal grant has said you cannot spend those dollars on. Next, they must be consistent with policies and procedures that apply to both federally-financed and other activities. You can't charge the Feds one amount and charge everybody else another amount. Everybody gets the same payment. They must be accorded consistent treatment. The cost may not be paid from a federal award as a direct cost if it would be an indirect cost for some other purpose. If you Bill the Feds one way, that must be the way that everybody is Billed for that. And we must have a methodology that shows everybody is getting paid the same amount for the same services, getting paid the same amount in the same way. They must follow generally accepted accounting principles. They may not be included as costs to meet cost-sharing or matching requirements of any other federally financed programs. You can't double dip. You can't charge the Feds two times for the same service. You can't use money from the Feds to justify other money from the Feds. They must be adequately documented. I'm going to take a second here. Adequately documented is a big requirement here. What RSA, the rehabilitation services administration considers is different. Every step needs to be outlined so it can be reviewed and approved by RSA's lawyers and policy people and really is a deep, detailed level of documentation. One of the reasons why we are using the standardized methodology is it allows for this level of documentation to exist without burdening providers, each individual provider, showing how they arrived at the specific amounts that they would like to charge for any given service. Finally, cost must be approved during the incurred, approved budget period. That is just to say that you can't Bill the Feds for stuff that hasn't happened yet. you can't Bill the Feds for stuff that happened years ago. Pretty straightforward. All of these are a lot more complicated than what I have on the slide now. This is just the material that I thought that was most critical for all of you to understand what is driving MRS's decision-making here and why MRS chose to go in the direction they did. So with that, I want to take a step back and give people

room to ask any question, to address anything they might not have understood or would like to know more about before we go forward. But I have up on the screen here a few things that I can consider to be the major takeaways from this section. First of all, standardized rates comply with federal regulations. That is really the driving force behind MRS' utilization of standardized rates. We here at PCG have extensive experience in rate setting across human services including with other Vocational Rehabilitation agencies. Rate setting uses data that comes directly from providers who participate in the rate study process. All of our information on costs, on positions and time sheets, all of that comes from the provider directly and is utilized throughout the rate setting process. We utilize those sources as well as other data sources because they align with best practices in rate-setting processes. So we have a question in the chat. Those rates in the Word document sent were hourly rates, correct? Yes, those are per hour. Per hour of direct service provided. We will go into a little bit about how that Billable, nonbillable direct service to non-direct service time is calculated and considered within these rates. But all of these are rates for an hour of direct service. Roslyn, you can come off mute and ask your question. Maybe a little bit of a technical issue? Roslyn, accidentally raised your hand. Not a problem. Happens all the time. Okay. In instances where we wanted to provide the services and the MRS client didn't show up, is there compensation for the lost time occurred? The missed appointments and cancellations are one thing we have heard from vendors a lot that really impacts their bottom line. The answer is this rate schedule, and this presentation does not address that concern. MRS heard that and asked PCG to do a study of RSA policy and guidance as well as peer state practice around missed appointments and cancellations. We have provided those recommendations to MRS. And MRS is currently working with RSA to make sure an upcoming missed appointment rate policy would pass RSA muster and guidance. I hope that is something you will be hearing more about in the very near future. Right now, there is no change in that policy. However, that is something that MRS is working to address as we speak. It is going on in the background. I am positive that Bill Addison is currently in an argument with somebody at RSA over that policy. But for right now, there's no change in that policy or guidance. But it is something MRS has heard and is working on. Do we have any other questions or anything else I can address before we move forward? All right. With that, let's take a minute to look at the method here. Methodology is just a standardized practice. A way that we're going to go about doing something. To make sure that it is done in a rigorous way that meets RSA guidance on how these rates need to be set, documented, how reasonableness is ascertained. So PCG uses what is known as cost-based rates. That means that we set rates such that providers match the actual cost of delivering services with the requirements of delivering them. That is, we utilize the cost that you report incurring to provide services in order to come up with the rates to provide services. So they reflect back the cost incurred. Payments to providers should be consistent with



efficiency, economy, and quality. That is from the Social Security Act which is, well, is not necessarily directly related, is kind of a guiding light for us and for many organizations when they are setting rates. Efficiently, economy, quality. So our cost-based rates include the salaries of staff associated with service delivery. The taxes and fringe benefits paid to staff, operating costs such as mileage, rent, supplies, any operating costs associated with providing services, as well as organizational indirect costs necessary to operate a service provider organization that is not necessarily providing a direct service to clients. All of these are utilized and used to build up the cost-based rate. I'm going to go a little bit more into each one of those and demonstrate to you how each one of those is utilized in setting the rates that we have in front of us here today. So hopefully, you understand how each one of those factors fit into the final rate. As I mentioned, we use multiple sources of data but our first and most important one is that provider cost data and service data. The information that we get directly from providers on the cost that they incurred in order to provide these services that all of you provide. We also take a look at MRS state claiming data. We look at MRS-specific, Michigan-specific, and federal regulations for VT services, as well as other state and programmatic rules and regulations, state and programmatic payment guidelines, rate, and that is there as sort of a sanity check on all of us. We take a look at what other states are paying and say, does what we have when it's different, does that feel right and correct? Or do we need to do more work on one to make sure we are in line with what the market can actually support and demands for you to provide these rates? Or do we have to go back to the drawing board? So our rough methodology happens across five steps. Step one, we take a look at the hourly wage for the direct service staff involved in delivering the service. Step two, we analyze the fringe and benefit costs for that direct service staff. We get those from the personnel rosters that we were provided with in 2019, 2020, 2023. We take a look at the other personnel and all those overhead costs. All of those indirect costs. Step four, we take a look at the mileage costs associated with providing an hour of service. I'm going to pause on that one when we get to it and go into a lot of detail because we have heard a lot from providers about the way mileage is taken into account within these rates. We want to be perfectly clear about how it is taken into account. And we would like to hear more from you about what you might prefer in the future. Finally, we'll take a look at the cost for Billable and unbillable time. Like I mentioned, these are rates for an hour of Billable, direct service. Which means that they have to cover costs that are not associated with Billable direct services and the adjustment we make in order to allow for that. We collect provider information from costing reports, personnel rosters and time settings. All of those came directly from providers. However, we realized we were setting rates for 2023 and some information present in those may have been outdated. I'm sure everybody can name a list of reasons why things are different in 2023 than they were in 2020 and 2019. So we enhanced the information with some additional sources of data, including a 2023 rate

study on work-based learning experiences, a market salary analysis, I'll go into what that entails in a few slides, qualitative data from provider town hall, and benchmark from peer state rate studies. And we have another question in the chat. When counselors ask for different services that aren't directly listed in the rates, many give authorizations under different authorized rates. Do you have something that helps guide MRS counselors as well as vendors to know what rates to use for specific services? Also, are vendors still needing to give rates for services above that aren't listed? Well, the vendor manual that Tyler is going to be talking about will include service definitions and those service definitions are likely the starting point for determining what rates should be charged. We are aware that not every service is on the rate schedule. These are only the services that PCG made those original recommendations in 2024. As for vendors giving rates for services above that aren't listed or the services that are not on the current rate schedule, this does not affect current policy or practice with anything other than the rates listed for this study. So I think that's a question that I'm going to have to turnover to MRS for any guidance or guidelines on. the letter, do you want to jump in on that now or hold it for later?

>> TYLER GROSS: Yes, this is comprehensive guidance that guides counselors and managers on how to navigate the process of looking around at what the market price is for similar services and making a determination about what that rate will be for services not listed on the fee schedule. So if you have any questions about how that's established or that process or how a decision was made, I encourage you to talk to the counselor and the local MRS office. That the MRS customer is assigned to. They'll be able to help you out with that.

>> MARK NOYES: Thank you very much, Tyler. So with that, a few more take-away notes. Anybody with questions, throw them in the q and a. Toss them into the chat. Whatever you want to do with them. I can't emphasize this enough, the core data here is given to us by providers. Providers who participate in the rate-setting process are the base data that we work from. Hourly rates take in the requirements of delivering a service, including the overhead of providing that service, and attribute them directly to one hour of service provided. The first factor incorporated is the wage of the person providing the service. That is the baseline from which everything is built. We'll see how that works in a few more slides. And operating costs like mileage are currently considered as part of the hourly rate. And we'll go into more and explore more deeply how those are provided as things come up. Do we have any other questions? Anything else anybody is wondering about at this stage before we keep moving through? All right, not seeing anything. Let's keep going. Next, we're going to get into the data analysis section. Does standardized rate mean statewide? Or are regional variations based on local labor markets permissible? I can answer that one. The answer for that is that these rates are statewide. They are for all MRS services that fall under the listed service category. We did hear that some providers would prefer to utilize more individualized

and more local market rates. However, changing the methodology in such a way that it would allow for localized rates would have required a significant longer period of data collection, significantly more change, more back and forth with RSA, a lot more -- a lot bigger lift than updating the standardized, statewide rates. And that would have meant we were having a conversation about rate increases probably in August or September rather than in February. MRS saw the need to implement these rates much -- as much more pressing than that, so they wanted to update the rates within the existing methodology as quickly as they could. Which is why we are talking about an implementation in March instead of sometime in the fall. Well, there has been some demand for regional variations or regional rates or changes to allow for more regional rates, they are not currently present here. But that is something MRS is considering and working to see if different enhancements take into consideration the different cost demands of regionality might be permissible, might be a way to go about or to alter the rate schedule in future. While balancing the need for some simplicity, RSA guidance, obviously, as well as some other concerns. However, I will go into some ways that some of these costs balance out between more rural and more urban settings as we go forward with the understanding that there are some real differences in the way the services are provided in more urban settings compared to more rural settings. So with that, we're going to head into data analysis. Like I said, here's where things are going to get a little heavier, a little bit more data-focused, and a little bit more math-y. However, I promise that all of you will be able to keep up and all of you will get your questions answered. If you have anything that you're wondering about more that you need more time with, please raise your hand, you can ask a question in the Q&A, or the chat, and we will take the time to get everybody the information that they need. We have a question in the Q&A that I'm going to read over. I'm afraid I can't answer that question personally. I'm going to ask them to take a look at and type out an arrest or we might have to get back to you. I'm afraid it's outside my area of expertise. So with that, I'm going to keep moving forward. Again, anybody with a question, please stop me and we'll get you the information that you are looking to get. So with that, let's begin with a market salary analysis. We originally utilized the hourly wages from the 2020 personnel rosters to set the wage for the provider staff. However, I'm sure that all of you are very aware that wages have been significantly impacted by some economic changes from 2019 to now. As such, PCG engaged in a market salary analysis. We looked at data sources like the bureau of labor of statistics, average hourly wage for the job positions listed in the personnel rosters in 2023. We also looked at job listing sites like glass door and indeed that make information on wages public there so that we could understand the wages and competition for those job titles and job categories that the individuals you would all be seeking to hire would be looking at when they were job hunting. In addition, in the 2020 rate study, PCG utilized the median -- I'm sorry, the mean hourly wage reported by the BLS. That means that we basically made the assumption that we would

be looking at an individual with that job title who is paid such that half of individuals with that job title would make less than them, half of that individuals with that job title would make more than that person. MRS wanted to provide rates that were consistent with providing higher-quality services to the individuals with disabilities in the State of Michigan. As such, they asked us to utilize the 75th percentile wage from the bureau of labor statistics. That is assuming that 75% of people would make less than that person and 25% of people would make more than that person. That's a really meaningful difference. It's most important because this is the base number that comes in and is utilized and built upon throughout every other step. So we always utilize the highest possible wage that we would refer to as the prevailing wage. MRS expects these rates to be consistent with providing a significantly more generous payment to your direct service staff in order to accord with recruiting and retaining the best possible staff. So here we just have a little bit of information on exactly the wages used to select for the rate build. I'm not going into this in much detail. Just wanted to show you this. Next, I want to go into the fringe and benefits cost. The fringe and Ben firsts cost is taken directly from the 2020 rate study and the data provided to us by all of MRS's partners who participated. We aggregated that data and found that about 35.6% of personnel costs go to fringe and benefit cost for the provider staff. So 35.6%. Now, here we have a couple different pieces. We have the base wage cost. This 35.6%, there are puzzle pieces. I'm going to ask you to keep these in mind and I'm going to show you how they construct the final wage with each piece. But first, we got to get all the pieces laid out on the board. So we have the base wage. 35.6% of personnel costs for fringes and benefits. Next, we look at other personnel and overhead costs. The first thing we did was look at the 2020 rate study where those were calculated to be 29.7%. However, we looked at in the year 2023, we conducted an additional rate study for work-based learning experiences. In that, the report showed a notably higher percentage being spent on some of those other personnel and overhead costs for a variety of reasons. Really changes in businesses and shares of the -- I'm sorry, I lost my words for a second. A much larger share of expenses goes to those hourly, other personnel, and overhead costs. The rate found in the 2023 work-based learning experience study was 43%. MRS heard that providers were having a notable difficulty and some trouble with some of these overhead costs and decided to utilize the 43% across the board, make the assumption that all service providers should be spending or would be spending a similar percent on their other personnel and overhead costs instead of that 29.7%. So that 43%. So we have a request for the hourly wages used. That is provided in the rate memo. That I think will be made available through MRS's website or other parts. I don't want to get too deep into any specific table during this presentation. But that information will be provided. Next, the mileage cost. I do want to take a second here to go over how we calculated mileage costs. In 2020, the mileage rate was calculated at \$1.94 per hour of service. PCG arrived at this by taking a look at the time study and the expense data

given to us by providers and determining the average mileage required to deliver a single hour of service. So basically, taking a look at all the data available to us, how many miles correspond with each individual hour of services spent. So the mileage rate can be built back into that hourly rate. We updated the mileage rate used in 2023 utilizing the IRS mileage benchmark which brings our mileage rate to \$2.58 per hour of service. So an additional \$2.58 is built into every hour of service received. Now, I want to take a second here to call out a few assumptions, a few things that go into the background of this. This -- the way mileage costs are calculated here is to cover all services provided by MRS. That is to say, it standardizes the mileage across all services. Now we understand that some service providers may incur higher mileage costs than others depending on where they provide services and some of the specific services they provide. This abstracts away from to a notable degree. However, as I said previously, this is -- MRS chose to go about it this way in order to provide an update to the rate as quickly as possible in a way they knew would accord with RSA policy and guidance. Changing the way the mileage was calculated or compensated for would have caused a meaningful delay in that. However, MRS has heard that this may not be the best way to consider mileage and that may not meet provider needs and is exploring other ways to better compensate and better reflect some of the realities here. And I would also like to note that the differences that you will see in any rate adjustment caused by mileage are very likely going to be dwarfed by the differences that are expressed in this rate study itself. As you can see, the amount of mileage attributable to a single hour of service is pretty small, all things considered. The rate adjustments that we are talking about here based on the differences in salary, the differences in overhead percentages are going to be much larger than any difference that might result from mileage. However, MRS has heard that this may not be the best way to go about incorporating mileage into the way that they compensate providers and is exploring alternate ways to compensate mileage that pass muster with RSA. So I want to take a second here. Take a pause. Make sure that everybody understands or feels that they have the understanding they want of how mileage is included in these current rates. If you have any questions, please let me know. All right. Well, more time for questions at the end of the session. For now, let's keep moving. Next is that billable direct service cost. As I mentioned before, these are hourly rates for an hour of billable services. The billable direct service time is taken from the time study we did with actually service providers reporting in on how they used the hours in a day. When we looked at this, we found that there were four clusters of time usage that could really be sorted out by the service provided. The very high cluster was individuals spending about 90% of their time on billable, direct services. The next cluster, the high cluster was about 75% of their time. Then we had a moderate cluster around 54% of time being used to deliver direct services. And then the lower group was 41% of time being used to cover direct services. Up on the screen now, you will see the billable percentage for different job



categories utilized or updated in the 2020 study. So we can use that somebody with a tutoring service type spends about 90% of their time providing billable services. Which means that the rate needs to cover that 90% of their time but also the 10% of time that they can't spend providing direct services. Whereas something like benefits counseling, about 41% of time is spent providing direct services which means the rate needs to correctly consider and cover the other 59% of their time. Last but not least, while we tried to do everything that we could to update data and bring costs in line with the 2023 market, we realize that there were some things that we just weren't going to be able to update without a major new data collection effort. Which MRS wanted to avoid burdening partners and providers with that as well as to allow this to happen as quickly as possible. In order to cover for anything that may have been missed or anything in which costs needed to be adjusted for the change in time period that weren't handled by some other aspect of this methodology update, we built in a cost adjustment factor. This really just a catch-all for inflation. We utilized the BLS consumer price index for the Midwest region which contains Michigan. To calculate the five-year, average, annual percentage change. The CPI is the most widely used measure of inflation that is available us to. It covers the cost of a basket of goods, looking at how the goods change in aggregate from one point in time to another point in time. We took a look at the annual percentage to change for the past five years and found on average, prices had increased by 3.07% per year over that span. Therefore, we took that and applied it to every year since the prior set of rates were calculated. Bringing us, in 2024, to a 109.51% cost adjustment factor. That is every one of these rates has been multiplied by that 109.51% to come up with a final 2024 rate that includes not just all of those adjustments and shifts and assumptions that we discussed earlier, but also inflation over that same period. We recognize, this is likely double, could cause inflation in some areas. However, MRS consistently wanted us to make assumptions that were more generous to their partners, even if it meant double counting. So with that, we now have all of our pieces. Let's take a look at how they are assembled. We start with -- let me get my laser pointer here. We start with the base hourly salary. This service, I'm just using a generic service here, has a base hourly salary of \$36.82. So that becomes our rolling total here. The rolling total column tracks exactly what the rate is at after each point in the process. Next, we consider hourly benefits. We found those to be 35.59, that 35.6 figure that I mentioned before. So we take our input, our \$36.82, multiply it by 35.59 to get \$13.10 of an hour of this service. Goes to fringe benefits. That is added to our rolling total to bring that to \$49.92 an hour. And next we do the same thing with other personnel and overhead cost which is about 43%. \$49.92 by 43, brings us to 21.47 which gets added into our total for 71.39. Dollars per hour. And next we back out the former mileage rate of \$1.94 and add in our new mileage rate of \$2.58. That brings us to a total of \$72.03 per hour. That covers the cost for the direct billable time and operating costs. We then need to cover the cost for those indirect times, those times

that are not directly billable. So we take our \$72.03 and divide it by 74. That 74% is our billable time. Dividing it gets us the other 26% of time. Totaling out to \$97.34. That becomes our new total. 97.34. Which we run through our cost adjustment factor, multiplying 97.34 by 109.52% to get \$106.60 which becomes our final total cost for an hour of this service. Considering the base salary of the person providing the service, their hourly benefits, the other personnel and overhead costs attributable to that provider, the mileage associated with an hour of service, and the billable, nonbillable time break down for this service. Gets us to \$106.60 per hour. So with that, let's make a little bit more room for questions. A few points for discussion and take-away. First of all, MRS supported a methodology that provided partners with more resources. I hope this has been made throughout that there were several points in which a choice needed to be made and MRS consistently asked PCG to make choices that would be give partners and providers more resources. The new rates set a higher baseline salary for all of MRS's partners. While you choose how your organization utilizes the funds here and the payments and compensation made, MRS assumed that a higher baseline salary would set. Partner feedback was critical to building up the rates. As you can see throughout this process, we did take a lot of input in and tried to reflect that at multiple points throughout this methodology. For these rates have been adjusted for cost changes since data was collected that was done through changes in the baseline wages, changes in the administrative and overhead percentage, as well as that cost adjustment factor at the end that covers inflation. Do we have any questions, any notes, anything that anybody would like to know more about before I move forward? We have another question about on-the-job evaluations that I'm going to toss over to our friends at MRS in order to handle. That's a really specific policy and service-related question. Do we have any other questions? All right. Not hearing anything, I'm going keep moving. Outline a few next steps that MRS is going to be undertaking that we'll be working with them on over the next year or two. So first of all, MRS has developed a strategic plan to establish some priorities over the next three years. A lot of these priorities came directly from feedback from their partners that was gathered during this rate refresh process. First of all, one of the major goals is to build and expand collaboration with service providers. There's going to be more detail on this in Tyler and Dawn's presentation coming up in just a few moments. Expanding that collaboration is a key aspect. Next, enhancing service delivery. Making sure that all of you have the resources that you need to provide the highest quality possible services. Rates are clearly a part of that. However, MRS does not believe that to be the end of the conversation there. Next, improving staff and recruitment and retention. When that is MRS staff or vendor staff. Rates are, again, part of this, but they're not the end of it. Building a stronger VR knowledge among staff so that policies and procedures are applied more consistently, people get answers faster to questions, and hopefully, fewer questions occur. And finally, improving employee engagement, giving employees of

MRS and of your staff, your vendor organizations more opportunities to engage and interact with MRS, especially in the policy and guidance-making process. There will be ongoing reviews of the rate process. PCG has developed a rate calculator that allows MRS to make updates to these rates utilizing a well-established data source in a much more timely way. So that future rate refreshes can happen much more quickly with much lower commitment of MRS resources to be much more timely and responsive to your needs. So hopefully, we aren't waiting long stretches of time between rate refreshes. This is not to say that rate studies will never happen again, and we will never need to work with PCG or MRS in order to provide information to set and update rates. A lot of the information we presented here can only to be gathered and updated through the rate setting process. However, these midstream, mid-course adjustments should happen in a more timely way with the tools that MRS will now have. Throughout 2024, MRS plans to explore enhanced rates for improved client outcomes. PCG is going to consider leveraging data, work to identify best practice, explore potential models to determine the best structure for supporting quality services in Michigan. We don't know what this is yet. This could be incentive payments for client outcomes. This could be enhanced rates for providers with higher credentials than their peers. This could be a change in how mileage is calculated to better provide services to rural areas. We really don't know exactly what is going to make it into this policy and guidance here. We are going to be working with our friends at MRS, with everybody over at RSA to figure out what can be implemented as well as what the incentives and changes those new rates or new enhancements might affect in the marketplace. We don't want to implement a policy that has negative outcomes for individuals with disabilities. That's the one thing we really know we need to avoid, even more than getting into hot water with RSA. So there's a lot going on here. It's a lot of work to implement any of the changes. So we hope you'll stick with us. Keep paying attention. Keep looking for new announcements and enhancements from MRS. So with that, before I turn it over to Tyler, again, going to make room for questions one more time. I think we're a little bit ahead of schedule, which is great news. And hopefully, we'll speak to our ability to get you out of here a little bit early. But that, any other questions? Anything that anybody would like to ask, know more about, please let me know. All right. I'm not hearing anything. Tyler, I'm going to turn it back over to you to get us started with the MRS vendor manual.

>> TYLER GROSS: All right, great, thanks, Mark. And while there's some overlap as Mark was saying, I would like to kind of draw a line in your mind right now. Because there is a line on our agenda. That we're moving on from the discussion of our rate enhancement project and we are going to for the rest of the session talk about other programming changes that we have queued up for 2024 and beyond. Namely the development of an MRS vendor manual. I would like to introduce the division Director of Staff development and policy for Michigan rehabilitation service, Dawn Sweeney.

>> DAWN SWEENEY: Thank you, Tyler. Hello, everybody, it's great to be here with

you. I'm excited to be able to talk about along with Tyler about our new vendor manual that we have been working on for quite a while. You know, for us, it's going to be to be a unified document for all of our guidance between MRS and our vendors. It's currently in development. We've done a lot of work on it. But as you are aware, there are a lot of components to vendor items. Lots of things that we have to make sure are included for our end, for federal regulation, and a lot of questions and things you asked us to add in for your own needs as a vendor. We have to have some very significant review of this as well. Both legally and through other partners that we have, as well as soliciting, -- we will be asking for feedback from you all in future. So just to you show that we are working on this for a while and we have a ways to go, but we wanted to start the conversation with you all and make you aware of the things we've already done. The manual is in response to questions and requests you have submitted to have all this information in one area for you all to use. So we're excited about that. The document, the vendor manual will be our select source of communication for agency vendor information, requirement, and reporting and payment processes. And vendors will agree to the processes through reading the manual and we will be able to continue that communication. So go ahead. Okay. So currently, I want to talk about the ways we are currently communicating to you all. Obviously, we have our MRS vendor manual. Our policy items. An example is 680, which talks about job coaching services. Right now though, what happens is the vendor requirements and vendor information are filtered into the policies we have on a specific topic. What will happen in future, we will have -- the manual itself will be specific to the vendors' needs for the topics and not be mixed amongst our staff manual. It will be directed for the vendors with the vendor insight included. The other way we communicate is through our informational memorandums. An example here is IM 23-02 regarding vendor reporting requirements. This is another way that we share information with you all. However, it comes out on its own. It's not part of -- it comes directly to you all. The manual itself will include all this information in the manual so that you'll have one spot to look at for that. We may issue IMs to let you know that we have updated the manual, but all the updates will be in the manual and will be shared in that way. We will also be posting our manual for you all to be able to access and research. And finally, we have our website. And the website is great. But it can get cluttered when we are constantly adding new information for you all to be aware of. So once again, we will use the website to notify updates in the manual, give a link to the manual, but again, the manual will be the main source of communication between us. And the manual, we have a lot of things that you have submitted to us through town halls and other communications that you would like to see included. Definitions, the rates will be included in there as well as the policy and procedures. So that is beneficial to you as a vendor and also to our MRS staff so that there's a consistency in how we are interpreting and implementing policy. And that will allow MRS staff to make a vendor perspective sometimes when talking about rates and payments and things like. That

they will be able to understand through the manual some of the question you have and the reasons you might have the questions and how to help answer those. And Tyler is going into more detail about some of the components for you.

>> TYLER GROSS: Great, thank you, Dawn. I realized I didn't fully introduce myself today. So for those on the session that I haven't met yet ask don't know, my name is Tyler Gross. I'm a policy analyst within Michigan Rehabilitation Services. Throughout my section, I am going to discuss individual components that will be features of the vendor manual when we get to implementation. Before I jump in though, I did want to emphasize what I see as the three primary benefits. And Dawn spoke very well to a couple of them. The first of which being, it's a sense of unified guidance. So those different ways that we're communicating information to vendors as Dawn went through. It will now just be one, single source, the MRS vendor manual. If you have a question related to your involvement with providing services to an MRS customer, you'll know that's where you look, the MRS vendor manual. The second benefit is that to the extent that MRS has statewide guidance for vendors, it will be a location for that statewide guidance. We know in the Vocational Rehabilitation process that services provided to individuals as identified on IPEs are tailored to the individual. So by design, we provide vendors and counselors and their managers with a tremendous amount of flexibility on what they can authorize for in terms of service, the number of hours, what services are right for that individual customer and so on. So we're fully recognizing a lot of VR processes individualized to the customer. But to the extent that we do have statewide requirements, the manual will be a great place for the statewide requirements to be located. And the third major benefit that I understand to be presented with this vendor manual, it's a way for vendors to understand and manage liability and compliance. When we get federal dollars for the Vocational Rehabilitation program MRS, that money comes with a series of requirements and prohibitions attached to it. When we pass on federal dollars to vendors, through the authorization for services, that money comes with some of those requirements and prohibitions. And there are consequences for violating the requirements. So it's important for us at MRS and for vendors to fully understand what the federal requirements are. And what the consequences for potential violations of the requirements would be as well. So those are the three primary benefits for development of a vendor manual and for vendors. Now I'm going to go through the primary components of the to be implemented manual. As I go through each, I'm going to highlight things that are existing in MRS guidance which is most of it. This is mostly a unification project of existing guidance to vendors into a single document. But there are a couple new processes that MRS will be introducing with implementation of the vendor manual. So when we get to new things, I'll be sure to highlight those as new items when we get there. Component one, I'm not going to spend much time or effort on this because this is what we have discussed up until this point. Payment processes and rates. MRS wants to provide clear, consistent guidance on how much is paid, how the



process works and a way to contact MRS. The MRS vendor manual will not change existing processes in any significant way. But it will unify all of the guidance into a single document. So questions that this section of the manual will address is what is my rate of payment for services I provide? Hopefully we have already provided that information today in terms of the standardized rates we have for that set of services on our rate schedule. And in the future when we get to the implementation of the manual, that fee schedule will be part of the vendor manual. It won't be a stand-alone document. It will be a component of the manual in this section on payment processes and rates. Another question is how quickly can I expect to receive payment? And then also, if you run into questions like I expected to be paid by now for something and I haven't received payment, how do I proceed? And kind of questions that come up through the course of service delivery like that. We'll have a way for you to contact a centralized place at MRS and get the information you need. So like I said, not much time on that component one. So moving on to component two. Communication channels. MRS is striving and I hope these virtual sessions this week and the in-person sessions that we ran around the State last week speak to the fact that MRS is striving to have more regular communication with vendors. We want vendors to know MRS policy and programming changes well before those changes are implemented allowing vendors time to anticipate the changes and account for them in the programming development. So MRS intends to have a centralized point of contact for all vendor contact and guidance. I would also like to family size in the section of the manual, participation in the email subscription groups. In a little bit on a separate slide, I'm going to talk about if you haven't already, how to subscribe to the email groups. But it would be including that information in this section of the vendor manual as well. And any information about scheduled public meetings that MRS has scheduled that might interest vendors or provide information that vendors find relevant to their activity and their providing of services to MRS customers. This is pretty straightforward as well. This is stuff that already exists but unifying that information and will address questions such as how do I stay updated on MRS programming and if I have question, who do I reach out to. And moving on to the third component. Yeah, a little denser material here in terms of what the vendor manual will include. MRS sets a series of ethical standards for vendors. These are somewhat obvious items you might expect to see in statements such as truthfulness, staying within the scope of agreed upon and authorized for services, not soliciting MRS customers and signing them up for other things that weren't agreed upon. Additionally, this matrix of state and federal laws and regulations that dictate what MRS can do with the federal funding we receive for the VR program. So we want to have a clear section in our vendor manual of what the requirements are that arise out of MRS's own ethical standards and then the legal and regulatory requirements that are attached to the federal and state laws and regulations. And these things, as you can see, addressed in the question here, they might -- they will address things such as in what circumstances, if any, is it permitted to disclose

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customer information. What do I do with customer records after providing services? This is important. MRS has a federal requirement to hold customer records for three years. MRS sets an internal requirement on ourselves stricter than the federal standard. We hold customer records for seven years after we submit the data to the Feds associated with providing services to that Custer and the case is closed. In general, it's seven years. So when a vendor provides services to a customer, there's paperwork associated with the issues that are provided. So what happens to that paperwork once services have been provided? The agree upon period has lapsed, what do we do with paperwork? We'll address. And then what are the consequences of vendor violating one of the requirements? And I'm keeping an eye on chat and Q&A. Most of this is excising guidance, but if you have questions, happy to address those and I would expect some more questions when we get to the new items. Reporting requirements. MRS does have statewide requirements on reporting. There are four instances which vendors are required to submit reporting to MRS across all services or -- there's some exemptions to that, but across most. A wide range of services. And those four instances when a vendor is requesting new or additional authorization for services. When MRS is verifying the employment status of a customer. When there's a monthly progress report being provided while services are provided to that customer. And lastly, when there's a final report when services are completed and being provided to the customer. So throughout recent communication with vendors, we heard this last week. We heard it in previous town halls that there's been some confusion surrounding vendor reporting requirements and what is required statewide. In particular, we heard from vendors that have a wide geographical footprint that what they hear from one MRS office might be different from others in terms of what reporting is required. We want to eliminate that. To the extent that we have statewide requirements on reporting, this will be the source of a single location for that guidance. For both MRS vendors and counselors to refer to and what are the reporting requirements for vendors. So the questions I mentioned some of throughout this component that we hope to address, what reports are required when providing services? I went through those reports, briefly, but the vendor manual will provide more information on those reports as well as how to fill them out, what data elements are associated with the reports. Second, can I use my own template or form when completing the required reports for MRS customers? The answer to that is, yes, you can. But it needs to include all the information MRS requires on our version of the report. So in the manual, we'll provide an MRS version of each one of these reports that can be used by vendors, but it's not required to be used by vendors. So if you have an existing reporting system that provides all the required information, we don't want to create any additional administrative burden on vendors. And then third, we get this question a lot. So that's why I included a rather specific question on this slide. Do I need to submit a monthly progress report for the final month of services? Or is that final report sufficient for what MRS needs? The answer so that is the final report is sufficient. That

counts as the final monthly report. So just clear guidance on that question she cannily will be provided as well. And other frequently asked questions related to reporting requirements, addressing those specifically in the section of the manual. The next component is critical incidents. So this is where I'm going plant a flag and say this is new. Not the critical incidents are new, but MRS having a formal process for addressing these when they occur will be new with the vendor manual. There's also one more section that's next that we'll get to in a minute. When I say a critical incident, what are we talking about here? This whole section will provide vendors a way to recognize and report critical incidents involving customers. Things like natural disaster, disruption of utilities, acts or threats of violence. So anything that can significantly implicate the safety of that MRS customer receiving services or has the potential to discontinue the services that have been agreed upon. Whether temporarily or permanently. This section will provide a way to recognize what MRS does consider a critical incident related to an MRS customer receiving services from you. And then if these things occur, we hope they never do, but we know they sometimes do, how does a vendor notify MRS that one of the incidents has occurred? How does MRS respond to that report to ensure that it's safe for the MRS customer to resume services at that provider? So the questions to be addressed, as I mentioned, what is a critical incident? Who at MRS do I notify if one of these events occurs? And what is the resolution process? Okay, moving on to the next component. This is also a new item. MRS is going to begin to run background checks on vendor staff that provide services to MRS customers or have access to MRS customer records. The purpose is MRS wants to ensure that when we place a customer into a vendor to receive services that we are putting that customer into a safe place to receive those services. So a couple of things to address about this at the beginning. When we perform the background check, we will not be fishing for all past criminal activity at the vendor sites. We will be looking for specific things that would be potentially a disqualifying finding for that individual working with an MRS customer. This will be spelled out in detail in the section of the vendor manual, but what we are looking at is violent criminal, felony, sorry, let me rephrase that. Felony violent criminal history, felony conviction of fraud, extortion, or other similar financial crime, any conviction related to patient abuse, or exclusion from participation in Medicare, Medicaid, or a different federal health program. And that includes violations of the Medicaid false claims act and healthcare false claims act. It's a mouthful. I know that's hard to digest when I spew it out in a list in a webinar form like this. We will include what we're looking for, what tests are being run, what background checks are being run, and the process by which that information will be provided to MRS. Before I turn it over to Rodney, I need to discuss how MRS is going to proceed for a pilot program for the background checks. I wanted to address a couple questions that we have received throughout the previous sessions with vendors earlier this week and last week. And the first is, we've been asked by vendors, if a vendor already performs background checks on staff, will

this be sufficient for MRS's purposes? And the answer is no. MRS will be conducting the backgrounds regardless of whether those background checks are run or similar background checks are run by the vendor. The purpose is to verify on our end that the background checks have taken place, and we accept the liability at that point for conducting the background checks. And the second question is, is there some sort of a drop-off point for the past criminal activity that we're looking for on the background checks? The answer is yes. So anything we're looking at with the background check will be time constrained. We are working on the exact parameters still. For example, with felony violent criminal history, might be something like within the last 10 years. So setting a time constraint on how far the background checks go will be part of that process as well for MRS. We have been working with the Department of Attorney General in Michigan to develop this process and what some of those timeline pieces will be when we get ready for implementation. The last thing before I turn it over to Rodney, I wanted to stress if there are findings on the background checks that we conduct, it does not necessarily prohibit MRS from continuing to work with a vendor. The purpose for MRS is not to punish vendors. That is not our intention. So if a finding does happen on one of these background checks, MRS will work with the vendor to reach a resolution in which we can continue to do business with that vendor. It might involve something like reassignment of that staff member's duty relative to the MRS customer receiving services from the vendor. But we will work with you towards a resolution. We know these findings, it's likely sometimes to catch vendors off guard if they're not running these types of background checks. So just please rest assured that we will work with you to come to a common resolution. So as I mentioned, MRS, I'll let Rodney speak to the details, but we are going to get the background check process off the ground with a pilot program. Rodney, if you wouldn't mind speaking to that. Appreciate it.

>> RODNEY CRAIG: Yep, thank you, Tyler. And good afternoon. My name is Rodney Craig. I'm a manager of the program enhancement division here at MRS. And I'm going to speak about the pilot project for background checks. f as Tyler was saying, within the next 90 days, MRS will be conducting or starting the process of a pilot project for background checks. The two areas that we're going to use, one is probably going to be a larger populated, urban area. The other is going to be the more rural area. The object there is to get our processes down pat, to get our communications down pat, and just to get a situation where we can constantly re-evaluate the process. Its goal is to make this as simple as possible for the vendors. But I can go into a little bit more detail of what would be in the pilot itself. What we'll be doing is notifying the vendors that they are part of the pilot project. Once that project starts, we would be sending information, requesting staffing information. So who would be subject to the background checks? They would be staff that obviously be providing direct services to a customer as well as staff that have access to the information. That is kind of based upon federal regulations

and consistent with that. And as Tyler said, we've been working with the Michigan Attorney General's office to vet this and ensure that everything is being done correctly at that point. There will be a two-fold process once this pilot is completed, and we move into doing this on a statewide basis. The first will be existing vendors who come into the system. We'll have a background check prior to being able to be authorized. We will conduct the background check. We will do that in an extremely timely manner so the vendor can get into the system as quickly as possible. Existing vendors will have what is essentially an annual certification process. So each vendor will do a series of background checks and go through and ensure that all vendors that are having that service, direct services, have went through the background check process at that point. And a little bit more on what would be involved. What are we actually checking? Tyler talked about the offenses that could pertain to having us a positive check at that point. What we'll be checking is basically three major areas. At this point, we'll be looking at iChat, looking at criminal sexual conduct reporting websites, and the other area is one that we currently are already doing that we can do in the background which is federal debarment checks. That is a check to see if any agency or individual has actually been debarred through the governmental grant system. If so, MRS cannot transfer federal funds to that entity. It's just something we are not allowed to do. So that check is already going on in the background. But iChat and the criminal sexual databases are public databases. A couple other quick questions that we have had in some of the other events. The cost of this, MRS will be doing the cost of the background checks. So we will need the information provided to us so we can conduct the background check. In the previous slide, we talked about a resolution and Tyler also spoke to that. One of the major resolution processes is part of the background check is ensuring that any positive discovery, we've confirmed that as accurate. There sometimes can be false positive cases in this in a background check. So we want to ensure that there's no mistakes made there as well. What we intend to see in the next 90 days will be information and IM policy that will come out. That will give our unit and others in MRS the ability to begin the pilot background check. Once that comes out, you'll see a lot more communication with us or from us on this process and what to expect. As Tyler said, we intend to do this in a very transparent manner, as efficiently as possible. But we want to get this process moving. One other question that did come up yesterday was regarding a notification. So what would happen, how will a vendor know if there was any positive background check discoveries? We would be communicating with you. If there was a situation where there was no positive background check, everything turned out okay, we will also be communicating with you. You will receive at that point what is considered our annual certification that you went through the background check process and no issues were found at that point. So again, within about the next 90 days, we should be having some information out for vendors. And we look forward to working with you on this. so I can pause here, Tyler, and see if there's any questions.



>> TYLER GROSS: Yeah, I've been keeping an eye on it. There's none at the moment. But still opportunity. I would say we have about 10 more minutes of content. So if you think of any question, Rodney will be hanging out for a minute and I'll be here until the end so, we're happy to answer any questions about that background check pilot or proposed process for the vendor manual. Thanks.

>> RODNEY CRAIG: Thank you, Tyler. Yeah.

>> TYLER GROSS: So what is next? You'll see a line down the middle of the screen right now. Above that line is steps that MRS is going to take in between now and implementation of an MRS vendor manual. And the bottom steps are recommended steps for vendors to take so you can stay apprised of that development. For MRS, as Rodney said, we are going to conduct that background check pilot. It's going to begin in the next 90 days. We don't have a set timeframe for when it will conclude because that depends on how the pilot goes and when we feel comfortable for statewide deployment. We still have internal review to do on the manual. That includes as Dawn mentioned at the front of the section, of our presentation, that includes a legal review, and that includes like a style DevOps by edit review to make sure it looks good and is highly readable. and then once we're ready and that background check pilot has been completed and we are ready to move forward, we will engage in the administrative review process. That's a formal process. It's a way public agencies announce significant programming change, both the public and to the State Legislature. And part of that process is an opportunity to provide public comment on the changes that MRS plans to make through that rulemaking process. So at that time, you can stay updated on this and I'll get to that more on how to do that in a moment. But as this continues to develop, if you wish to submit, we're happy to have any comments you have now or if you want to get ahold of us after the session, but if you want to submit the formal public comment as part of the developing the vendor manual or the components discussed today, that will be the time to do so. Public comment can be provided in writing or in person. And when we move forward with administrative rulemaking, it's submitted alongside our rule change, to be reviewed. And it's also submitted to the State Legislature. After that, after we navigate that administrative rulemaking process, which that does take quite a while to get through, we get to the implementation phase. And that is going to be a whole process unto itself of how we communicate our go live date with the processes with the vendor manual, both to vendors and to our staff. So a lot more to come on that. I want to emphasize here in the four steps, and you can see in particular with the administrative rulemaking piece, this is going to take a while. This is not -- the vendor manual is not something you see implemented next month. That's out of the question. And so if we're going to talk more on the next couple slides about opportunities to engage with MRS going forward as vendors so. This will continue to be a regular item of discussion between now and implementation. Moving on to below the line in the second section of this slide. Steps for vendors to take. Subscribe to MRS email updates. So on

the MRS website, on our home page, there's some clutter at the top because we have events going on. But if you scroll down, you'll get to a three-column layout, MRS for individual, MRS for business, and MRS for vendors. The third column, MRS for vendors, you'll see underneath MRS for vendors -- thank you, Mark, he's doing the electronic laser pointer there. There's a sign-up here button. If you click that, it will take to you the page to sign up for email updates and that link is plastered on our website at the bottom of every page on our website, how to sign up for the lists. If you click the button, you'll be presented with a list of public subscription email lists from the State of Michigan. And one of those is Leo MRS service providers. Which stands for Department of Labor and Economic Opportunity, Michigan Rehabilitation Services and then service provides. Which is you all. So if you're at the meetings, I think it's likely that you're already subscribed to this. But if you're not, please make sure that you are because that is a primary way in which MRS communicates programming changes and upcoming public meetings and anything that we want to go out statewide to vendors. Second is when you're available, if you're available, attend and watch recordings of future public quarterly meetings. The session today was two hours in. The future, we're dealing with topics that are less complex and dense. Not that other things aren't important, but rate restructuring in particular is really dense material. So this is two hours. In the future, we hope the sessions and we're going to talk more in a moment on the details of the session, but we'll be an hour going forward. We'll post recordings and send them out using that email subscription list. So that's a good way to stay updated on MRS programming changes. and then third, as Rodney spoke to, if selected for the pilot, you'll be notified in the next 90 days. If you're notified, there will be more information about how to engage with the pilot process and what the steps will be for that. So keep an eye on emails. If you get contacted by the MRS unit that Rodney represented related to pilot, please participate to the best of your ability. It will help us make sure that process goes smoothly statewide when we're ready to deploy it statewide. Moving on to the next slide, we have a couple different types of opportunities for vendors to communicate with MRS going forward. One is more involved, and one is less involved, depending on how involved you want to be with MRS and the programming development going forward. I'm going to let PCG, because they're going to have an active hand going forward, speak to the more involved of the two options. So please, Mark.

>> MARK NOYES: Thanks, Tyler. Yeah. We heard throughout our interactions with vendors and MRS partners over the past year that there really was a desire for some vendors to take a more active role in helping MRS set policies, solve problems, and build the best possible systems that they can. And this is really where the idea of the vendor advisory work group came. This would be a collection of vendors who have volunteered for the responsibility to really work to facilitate their relationship and leverage their position within MRS's provider network to identify and solve problems

rapidly than MRS might be able to do on their own. This will be an ongoing effort to identify successful practices and stories that can be shared across the agency as well as to look for problems and find ways to solve them. PCG is going to be facilitating the group, but we hope this is going to be driven by vendors who want to be part of the group and champion these changes, implement these changes, and create a positive feedback for MRS and for all of MRS's partners. This group is going to meet on a quarterly basis and produce recommendations for MRS leadership. We are currently looking for people to join this. So you can reach out to anybody on the MRS panel here if you're interested. There will be more information about this to come soon. But we're very, very excited about the possibility of this vendor advisory work group. And we look forward to hearing from all of you on more of it. But we do understand that not every vendor wants to participate in something that's going to involve, we hope not a huge amount of time but some significant amount of time to identify and solve some of the issues as well as to champion some of the successful practices. And for those other vendors who may not want to participate in the advisory group there are more opportunities to learn from and interact with MRS leadership. And I'm going to give it back over to Tyler to talk about the MRS public meeting sessions.

>> TYLER GROSS: Thanks. So this is the less involved to have had two options. We heard from vendors in the town halls over the last year, two years and speaking with individual vendors that there's a desire for more regular communication from MRS to vendors about upcoming programming changes. So this is our attempt to do that. And we're going to have quarterly meetings going forward. They will be similar to the meetings you just attended today to discuss programming changes with MRS. Although like I said before, we're aiming for one hour for these sessions in the future. Depending on how much content we have to go over. The first of which will be in June of this year. We haven't selected a specific date yet. We're still working on establishing those dates. When we do, an email will go out to the email subscription list with the path to register for those sessions as well as this information be posted on our website. So I would like to frame this as some vendors have the perspective which is understandable. And we appreciate as an agency of I just need to know the information relevant to me. I don't want to be involved in the development of the programming and have more involved conversations about that. That's fine. And these quarterly meetings are for you, the information sessions. If you want a more active role and to make your voice heard more actively, those sessions that Mark spoke to with the advisory group is for you. So more information to come on both of those opportunities. Okay, great. We are to the end of the session here. I know we have a few questions sitting in the Q&A to address. I would like to highlight now, there is a QR code for a survey to complete. That feedback greatly helps us. It's an opportunity, if you didn't feel comfortable voicing something today or typing it into the chat, please provide that type of feedback on that survey. As well as any other additional feedback you have. We do review and discuss it as a group and

factor it into our future changes. Mark also -- or PCG, someone from PCG, just dropped the link to that survey in the chat as well if that's preferable to you rather than using a QR code. So I'm going to turn my attention to Q&A. There are questions I would like to address. I'm going to read the question and then I'll answer the question. In the manual, will consideration be given to identifying deemed standardized rates for vendors that have achieved industry accreditation such as CARF international? MRS does have requirements right now on certification and expertise-level education level in some cases, depending on the service that's being provided. That is included in our services manual, the rehabilitation services manual. Dawn went through the different ways that we have vendor information distributed across a few different sources. So when the vendor manual is implemented, all of that guidance related to required vendor credentialing and licensure or experience requirements or education requirement, anything like that will be included in the vendor manual. Okay. Second question. When will it be available for review since the guidelines go into effect in eight days? This is good. This is an important distinction to make. On March 1st, which is when the new rates go into effect. That's what Mark discussed throughout the first section. The rates reflected on the handout that was emailed prior to the session. The vendor manual that Dawn and Rodney discussed after PCG's section on rates, that is not being implemented in eight days. When we are approaching implementation of the vendor manual, there will be plenty of opportunity for public review. We will make a draft available for review prior to that administrative rulemaking process and period of public comment so people can review in full prior to implementation of the manual. But that's pretty far down the road. With the vendor manual road, I'm hesitant to put a timeline but at least six months from now because that administrative rulemaking process alone takes longer than that to get through. The rates though, eight days from now. That's what's March 1st. The third question is, how should we expect -- how should we proceed with current open offer authorizations that extend past March? Are we expected to provide the services at the lower rate? This is something we're going to address and follow-up materials. And I'm set to meet with some policy folk at MRS directly following this session to discuss this topic. The exact specifics will be provided later but our intention is you will not continue to receive far beyond the implementation beyond March 1st. There's likely a process to Mav gait to get the new updated rate. So any authorizations before March 1st will be under the old rate. Any authorizations on or after March 1st is going to be under the new rate. If services extend over that day, we would like to provide an avenue to provide final Billing up until March 1st and then authorize for services under the new rate going forward from that date. More information to come on that in our follow-up information. But hopefully, hah addresses the concern there. We heard from some vendors that I'm authorized to provide services for nine months in advance from that March 1st date. And we recognize. It's not reasonable to continue to provide that old rate for services being provided well into the future. So we

will have a way to address that. Will the policy questions that were asked be answered before 3/1? Correct me if I'm wrong, I think we've answered all policy questions except the one on the job evaluation. I provided an opportunity to follow-up specific to that question. That's not something I feel comfortable answering right now, firing from the hip without discussion. And it's not something I came prepared to discuss in detail today. It's an important question so I don't want to provide incorrect or incomplete information. So when we have your email specific to that question from the registration, we will follow up. If you don't hear from me, my name is Tyler Gross. You can reach me at [tgross@michigan.gov](mailto:tgross@michigan.gov). But I don't feel comfortable providing a comprehensive answer right now. All right, I think that has addressed the questions that I've seen raised in the chat and Q&A. We do have a few minutes before our scheduled end time so I'm going to let it sit for 20, 30 seconds to see if any additional questions come through. Okay, excellent, we're going to wrap up on time or before time. So if any questions arise, you can reach out to any of the folks you saw present today. I provided my contact information. And more communication will come to as follow-up communication to all folks who registered for any in-person sessions last week or virtual sessions this week. So thank you again for your time everyone for making time to hear the information today. And hopefully, the rates are an exciting development for you, the increased pay in general across the board, and more information to come from us for follow-up so thanks again. And have a good afternoon.

>> MARK NOYES: Thank you very much, everyone.