

Michigan Rehabilitation Services Rate Refresh & Program Updates

Session will begin momentarily.

February 2024

Housekeeping

1

Recording

This meeting is being recorded.

2

Questions

Ask Questions throughout the event in the Q&A section on your Zoom Interface.

3

Closed Captioning

Closed captioning is available by selecting the “CC – Closed Captioning” button.

WELCOME

Michigan Rehabilitation Services Rate Refresh

Methodology and Results
February 2024

Welcome

- PCG developed and presented a memo and accompanying presentation for the MRS providing the results of requested rate setting activities.
- MRS asked PCG to provide information about the rate build with providers to support transparency.

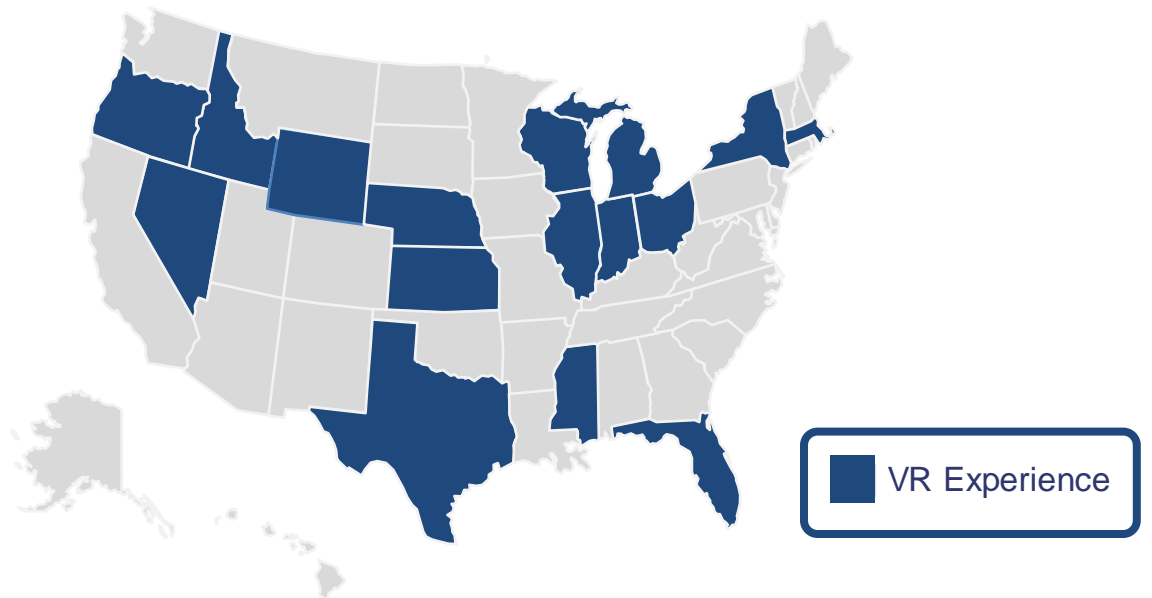
Introductions

PCG Background

Public Consulting Group has a public sector focus in management consulting to assist public sector agencies better serve their targeted population, including Human Services, Health, Education, and Technology Consulting.

Across the country PCG supports VR agencies through:

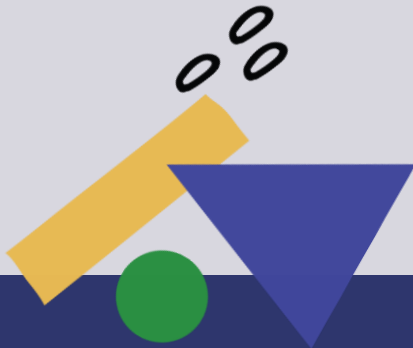
- Evaluation
- Systems change
- Rate setting
- Training and technical assistance
- Billing and registration solutions



Goals for Today's Session

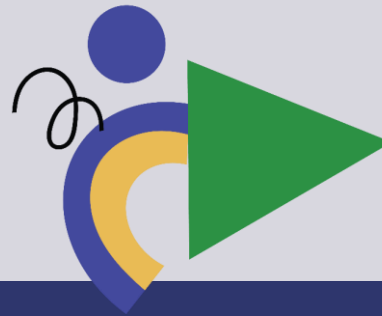
Support Transparency

MRS wants to provide complete information about important subjects to its partners.



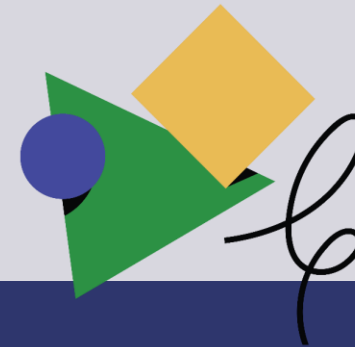
Foster Partnership

MRS recognizes the importance of partnership with providers. Information dissemination is key to supporting an effective partnership.



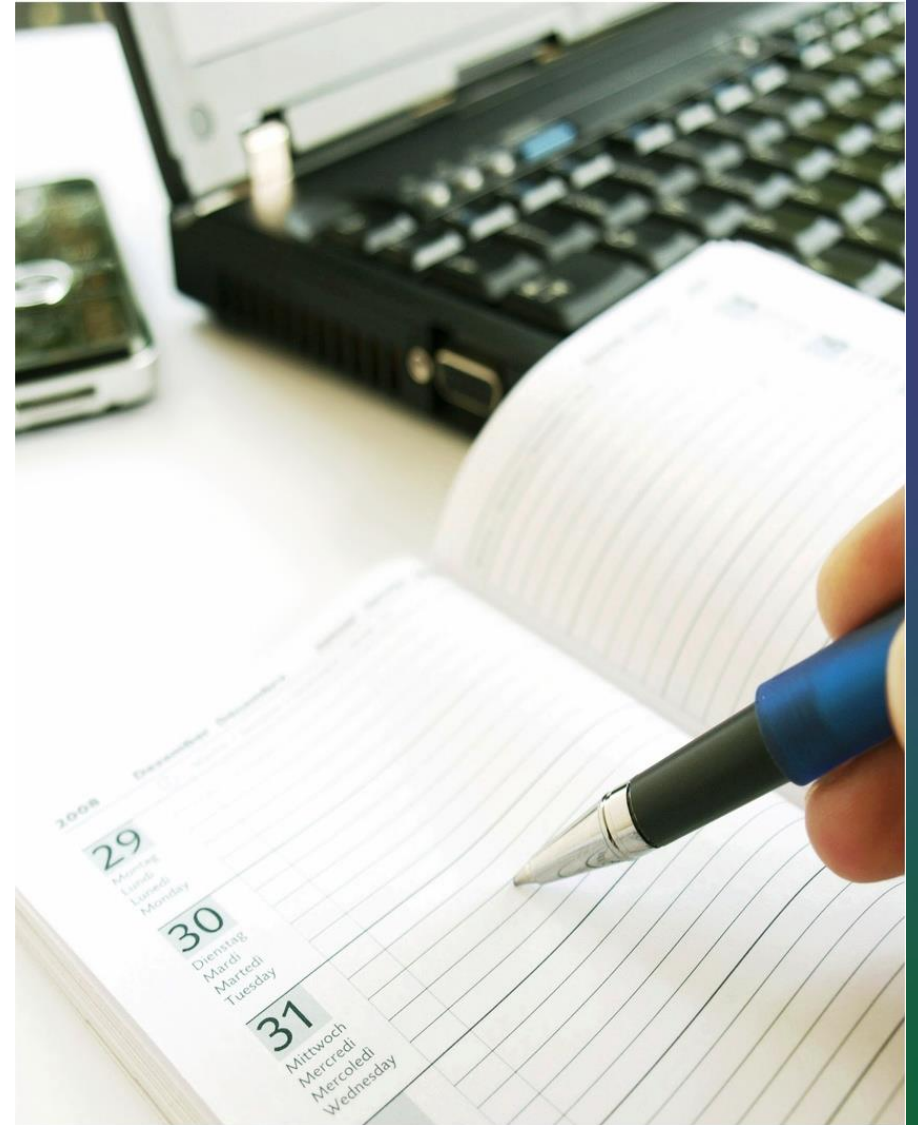
Gain Insight From Providers

MRS wants to understand the needs of those directly involved with VR clients.



Agenda

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ASK!

We welcome questions. We will provide breaks between topics. You can also raise your hand as questions come to you.

It is important to speak one at a time for the benefit of the audience.

2024 Rates

Rate Schedule – Individual Services



Providers participating in the town halls reported needing higher rates to improve staff retention and service expansion.

Service Category	MRS 2023 Fee Schedule	2024 Rates
Trial Work Experience	\$52.76	\$65.90
On-the-Job Evaluation	\$52.76	\$65.90
Job Coaching During Evaluation	\$40.79	\$65.90
Job Shadowing	\$75.08	\$90.41
Benefits Counseling	\$89.45	\$141.12
Counseling and Guidance	\$70.52	\$102.39
Customized Employment Services: Discovery	\$73.78	\$119.05
Customized Employment Services: Job Development/Placement	\$73.78	\$119.05
Customized Employment Services: Consultative Employment Training and Support	\$73.78	\$119.05
Job Placement Assistance Services	\$67.97	\$90.41
Job Placement Follow-up Services	\$50.40	\$65.96
Personal Assistant Services	\$35.05	\$47.96
Job Coaching—Non-Supported Employment	\$40.79	\$65.90
Job Coaching—Supported Employment	\$40.79	\$65.90
Adult Literacy or Remedial Training	\$52.83	\$87.85
Tutoring I	\$22.06	\$56.52
Tutoring II	\$29.38	\$87.85
Tutoring III	\$36.73	\$92.17
Tutoring IV	\$51.44	\$102.60
Job Readiness Training	\$62.45	\$90.39
Vocational Evaluation and Testing	\$75.08	\$106.59
Pre-ETS Counseling on Post-Secondary Training	\$87.70	\$87.70
Pre-ETS Job Exploration Counseling	\$87.70	\$87.70
Pre-ETS Self-Advocacy Training in Peer Mentoring	\$87.70	\$87.70

Rate Schedule – Group Hourly Rates

Service Category	MRS 2023 Fee Schedule	2024 Rates
Job Readiness Training	\$33.13	\$45.20
Pre-ETS Counseling on Post-Secondary Training	\$46.52	\$46.52
Pre-ETS Job Exploration Counseling	\$46.52	\$46.52
Pre-ETS Self-Advocacy Training in Peer Mentoring	\$46.52	\$46.52
Pre-ETS Work-Based Learning Experiences	\$31.27	\$46.52
Pre-ETS Workplace Readiness Training	\$38.08	\$46.52

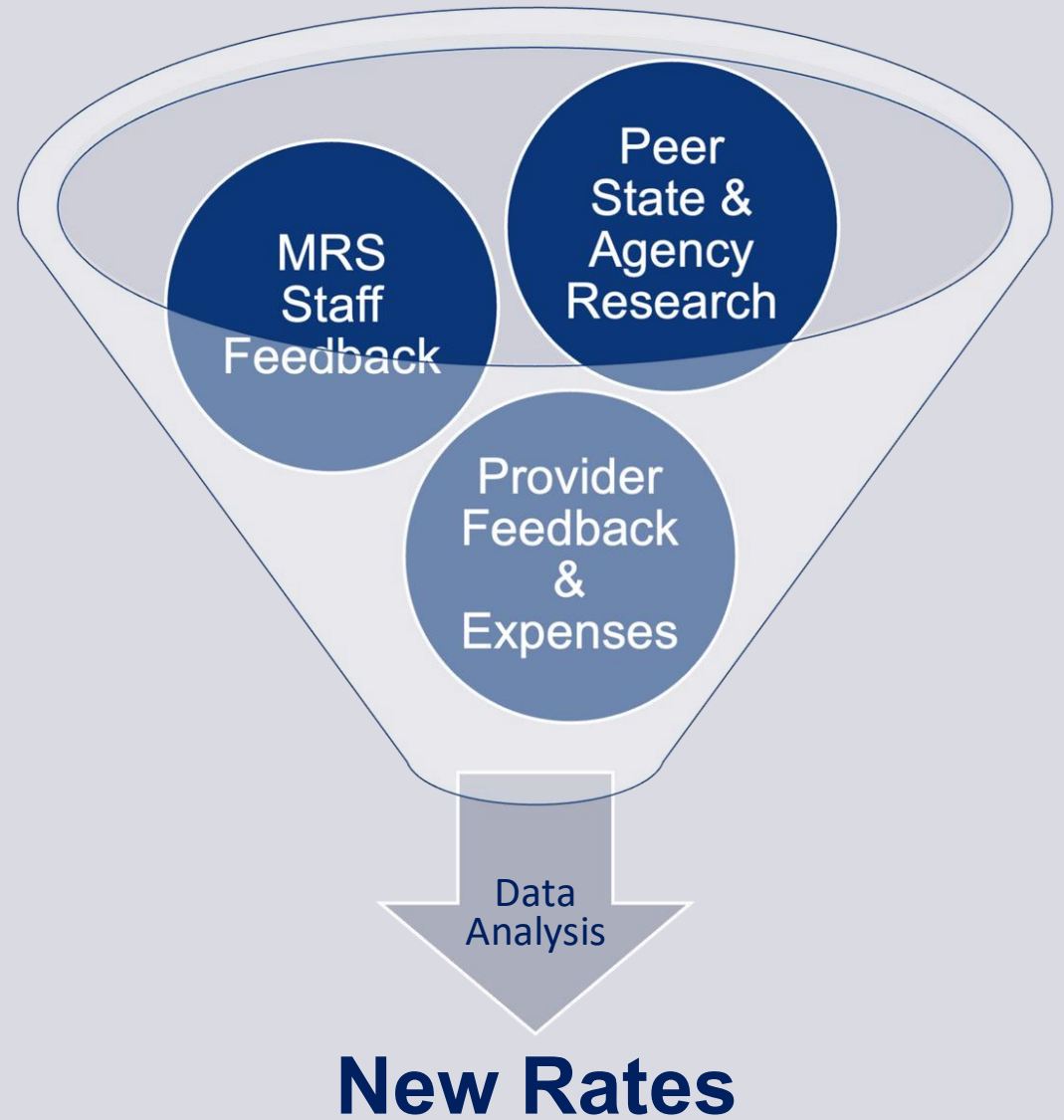
Project Overview

Project Background

MRS contracted with PCG to assess and recommend updated VR rates.

Components informing new rates:

- Peer state & agency research
- MRS staff feedback
- Provider feedback
- Provider expenses collected in 2019, adjusted for inflation



Provider Town Halls

- **To gather information from VR providers across Michigan, PCG and MRS held two provider town halls**
 - November 7, 2023 (73 attendees)
 - November 14, 2023 (20 attendees)
- **Provider feedback**
 - More consistent implementation of policies and procedures statewide
 - Quarterly meetings with MRS leadership
 - Compensation related to credentials
 - Facilitation of vendor innovation
 - Higher rates



Look for this icon throughout the presentation to see how MRS incorporated provider feedback!

Why hourly rates?

Federal regulation (§ 200.403 Factors affecting allowability of costs) **requires that costs paid follow these general criteria:**

- (a) Be necessary and reasonable.
- (b) Conform to any limitations or exclusions.
- (c) Be consistent with policies and procedures that apply to both federally-financed and other activities.
- (d) Be accorded consistent treatment. A cost may not be paid from a Federal award as a direct cost if any other cost incurred for the same purpose has been paid from the award as an indirect cost.
- (e) Follow generally accepted accounting principles
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- (g) Be adequately documented.
- (h) Cost must be incurred during the approved budget period.

Take Aways & Discussion

The following items from this section are key.

What can we tell you more about?

1) Standardized rates comply with federal regulations.

2) PCG has extensive experience in rate setting across human services, including Vocational Rehabilitation agencies.

3) Rate setting uses data that comes directly from providers who participate in the rate study process.

4) PCG used data sources that align with best practices in rate setting methodology.

Rate Build Methodology

Rate Calculation Overview: Rate Foundation

- Rate calculation allows providers to match the actual cost of delivering services with contract requirements.
- Payments to providers should be consistent with **efficiency, economy, and quality** (Social Security Act § 1902(a)(30)).
- **Cost-based rates** include:
 - **Salaries** of staff associated with service delivery
 - **Tax and fringe** of staff
 - **Operating costs** (mileage, rent, supplies, etc.)
 - Organizational **indirect costs**
- **Sources of data** are provided and guided by:
 - Provider cost and service data
 - State claiming data
 - MRS-specific and federal regulations for VR
 - Other federal, state, and programmatic rules and regulations

Salary Costs
+ Tax and Fringe Costs
+ Operating Costs
+ Indirect Costs
= Expenses for Cost-
Based Rate(s)



Rate Build-Up Methodology

Step 1: Mean Hourly Wage for Direct Service Staff

- Market Salary Analysis
- Personnel Roster Analysis

Step 2: Fringe & Benefits

- Personnel Roster Analysis

Step 3: Other Personnel & Overhead Costs

- Cost Report Analysis of Provider Expenses

Step 4: Mileage Costs

- Cost Report Analysis of Provider Expenses
- Comparison to Federal Mileage Rate

Step 5: Costs for Billable & Unbillable Time

- Time Study Analysis



Data Sources

In 2020, PCG developed rate recommendations for certain VR services by collecting provider information:

- **Cost reports** captured high-level service, revenue, and expense information
- **Personnel rosters** provided the mean hourly wage of direct service staff
- **Time study data** provided time spent on different activities.



In 2023, PCG updated rates using the following sources:

- 2020 cost reports and time study data
- 2023 Work-Based Learning Experiences rate study data
- Market salary analysis
- Qualitative data from provider town halls
- Benchmarks from peer state rate studies

Take Aways & Discussion

The following items are key from this section.

What can we tell you more about?

1) Data given by providers informed rates.

2) Hourly rates take the requirements of delivering a service, including overhead, and attribute them directly to an hour of service.

3) The first factor incorporated into a rate calculation is the average wage of the person providing the service.

4) Operating costs like mileage are part of the hourly rate.

Data Analysis

Market Salary Analysis

PCG compared the **mean hourly wage from the 2020 personnel rosters** to **wages in the market nationally in 2023**.

We used sources like:

- Bureau of Labor Statistics
- Glassdoor
- Indeed

PCG used either the **prevailing wage** or the **national 75th percentile hourly wage from BLS** for each job title identified and used in the rate build for each service type that the job title performed.

This means MRS expects their partners will be able to pay as much, or more than, 75% of jobs with similar titles.



Rates to
Support the
Highest
Quality Staff
& Services

Market Salary Analysis: Results

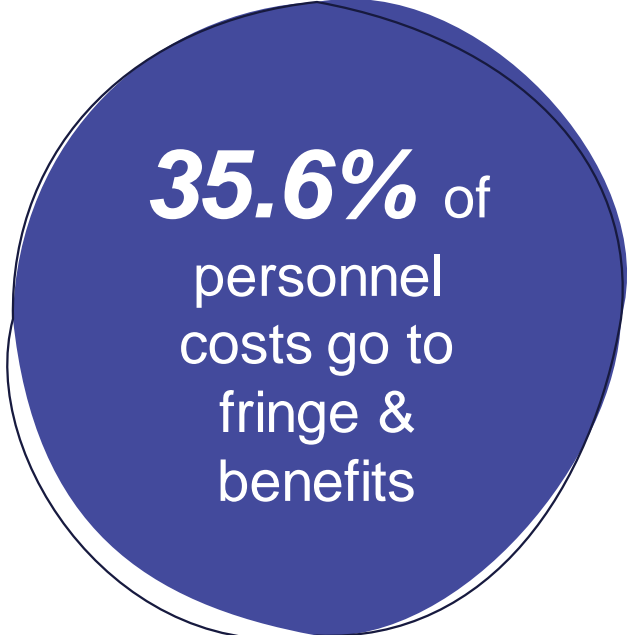
Michigan VR Job Titles	BLS National 75th Percentile	BLS MI Average	BLS Midwest Regional Average	Glassdoor	Wage Selected for Rate Build
Benefits Plan Counselor	\$25.71	\$21.85	\$21.95	\$26.92	\$26.92
Employment Service Provider	\$22.66	\$17.35	\$18.85	\$19.71	\$22.66
Independent Living Specialist	\$25.71	\$21.85	\$21.95	\$19.23	\$25.71
Independent Living Specialist/ Employment Service Provider	\$24.19	\$19.60	\$20.40	\$18.75	\$24.19
Job Coach	\$22.66	\$17.35	\$18.85	\$18.26	\$22.66
Job Developer/Job Placement Specialist	\$22.66	\$17.35	\$18.85	\$20.19	\$22.66
Personal Assistant Services	\$23.63	\$13.91	\$14.85	\$19.23	\$23.63
Tutoring I	\$36.82	\$18.51	\$19.47	\$23.56	\$36.82
Tutoring II	\$22.66	\$25.20	\$27.53	\$20.19	\$22.66
Tutoring III & Adult Literacy or Remedial Training	\$36.82	\$30.99	\$26.71	\$25.00	\$36.82
Tutoring IV	\$16.40	\$32.92	\$30.77	\$15.38	\$16.40
Vocational Evaluator	\$36.91	\$28.27	\$28.24	\$31.00	\$36.91
Vocational Service Coordinator	\$43.16	\$17.35	\$18.85	\$30.29	\$43.16
VR Counselor	\$38.74	\$28.27	\$28.24	\$27.40	\$38.74

Fringe & Benefits

The 2020 rate study collected fringe and benefits cost through cost reports (based on fiscal year 2019 expenditures).

The cost report asked for the salary and benefits paid for each staff person. Aggregated results indicate that 35.6% of service providers' personnel costs go to fringe and benefits.

The 2023 rate refresh uses this percentage as the hourly benefits input in the rate model build.



35.6% of
personnel
costs go to
fringe &
benefits

Hourly Other Personnel & Overhead Costs

In the 2020 rate study, administration costs were calculated to be **29.7%**.

In 2023, PCG conducted an additional rate study for Work-Based Learning Experiences (WBLE). This study provided updated cost data that reflects post-Covid inflation factors affecting overhead costs.

The administration percentage identified in the 2023 WBLE rate study was selected for the updated rate build methodology for all service types: **43%**

In alignment with MRS leadership's goal of providing a robust rate for services, the higher percentage was selected to provide additional funding for providers to support robust reimbursement of personnel and overhead costs.



Providers participating in the town halls stated that it's important that the rates cover administrative costs.

Mileage Cost Calculations

In the 2020 rate study, the mileage rate was calculated at \$1.94.

In the 2023 rate refresh, the team determined that benchmarking mileage against similar states and the IRS mileage rate would be better.

The mileage rate used for the new rates is **\$2.58**



Providers participating in the town halls stated that the inclusion of travel time in the rates was important to providing services, especially in rural areas.

Billable Direct Service Time

We identified four clusters within the time study based on how much staff time was spent providing direct services compared to administrative and other tasks.

Cluster	Billable Percent
Very High	90%
High	74%
Moderate	54%
Lower	41%

Reference: Billable Direct Service Time

Service	Position Title	Billable %
Adult Literacy or Remedial Training	Employment Service Provider	90%
Tutoring I-IV	Tutor	90%
Trial Work Experience	Job Coach	74%
On-the-Job Evaluation	Job Coach	74%
Job Coaching During Evaluation	Job Coach	74%
Job Placement Follow-up Services	Job Developer/Job Placement Specialist	74%
Personal Assistant Services	Personal Assistant/Personal Care Attendant	74%
Job Coaching—Non-Supported Employment	Job Coach	74%
Job Coaching—Supported Employment	Job Coach	74%
Vocational Evaluation/Testing	Vocational Evaluator	74%
Job Shadowing	Job Developer/Job Placement Specialist	54%
Counseling and Guidance	Independent Living Specialist	54%
Job Placement Assistance Services	Job Developer/Job Placement Specialist	54%
Job Readiness Training	Job Coach	54%
Benefits Counseling	Benefits Plan Counselor	41%
Customized Employment Services: Discovery	Job Developer/Job Placement Specialist	41%
Customized Employment Services: Job Development/Placement	Job Developer/Job Placement Specialist	41%
Customized Employment Services: Consultative Employment Training and Support	Job Developer/Job Placement Specialist	41%

Cost-Adjustment Factor (Inflation)

A cost-adjustment factor accounts for differences in costs and expenses from year to year, accounting for things like inflation. PCG used the BLS Consumer Price Index (CPI) for Michigan to calculate a five-year average annual percent change.

A CAF percentage of 109.51% is applied to the rates for 2024 implementation

Fiscal Year	Annual Change	Annual Change %
FY18-FY19	2.445	1.04%
FY19-FY20	-1.745	-0.73%
FY20-FY21	10.878	4.58%
FY21-FY22	18.057	7.21%
FY22-FY23	9.254	3.27%
	5-Year Average	3.07%

Calendar Year	Five-Year Average
2021	100.00%
2022	103.07%
2023	106.24%
2024	109.51%



Item	Input	Percentage Modifier	Modifier Output	Rolling Total	Description	Source
Base Hourly Salary	\$36.82	N/A	N/A	\$36.82	Service Personnel Salary (Hourly)	Salary Benchmark
Hourly Benefits	\$36.82	35.59%	\$13.10	\$49.92	Calculate percent of costs used to cover tax and fringe benefits of employee and add to total	Cost Report
Other Personnel and Overhead Costs	\$49.92	43.00%	\$21.47	\$71.39	Calculate percent of cost used to cover overhead and administrative staff and add to total	Cost Report
Reported Mileage	\$71.39	N/A	\$1.94	\$69.45	Reduce the amount of cost attributed to mileage in cost reports	Cost Report
IRS Rate Modifier	\$69.45	N/A	\$2.58	\$72.03	Increase by the IRS mileage rate modifier to account for mileage	Time Study and IRS
Total Hourly All Personnel, Overhead, & IRS Mileage	\$72.03	74.00%	\$97.34	\$97.34	Divide by the amount of time spent on billable tasks, accounting for non-direct service tasks required as part of service	Time Study
CAF	\$97.34	109.51%	\$106.60	\$106.60	Multiply by the CAF	BLS CPI

Take Aways & Discussion

The following items are key from this section.

What can we tell you more about?

1) MRS supported a methodology that provided partners with more resources.

2) These new rates set a higher baseline salary for all partners.

3) Partner feedback was critical to building up rates.

4) These rates have been adjusted for cost changes since data was collected.

Next Steps

Strategic Planning

- MRS developed a strategic plan to establish agency priorities for the next three years
- The goals of the plan include
 - Building and expanding collaboration with service providers
 - Enhancing service delivery
 - Improving staff recruitment and retention, and building stronger VR knowledge among staff
 - Improving employee engagement

Ongoing Review of Rate Process

- Development of a rate calculator to promote timely future rate setting.
- Throughout 2024, MRS plans to explore enhanced rates for improved client outcomes.
- PCG will consider leveraging data, identifying best practices, and exploring potential models to determine the best structure for supporting quality services in Michigan.



Providers participating in the town halls felt that some component of the rate should be linked to performance.



Questions?

MRS Vendor Manual Development

February 12, 2024

Michigan Department of Labor & Economic Opportunity
Michigan Rehabilitation Services



MICHIGAN DEPARTMENT OF
LABOR & ECONOMIC
OPPORTUNITY

MRS PROMOTING
ABILITIES
Michigan Rehabilitation Services



Introducing the MRS Vendor Manual:

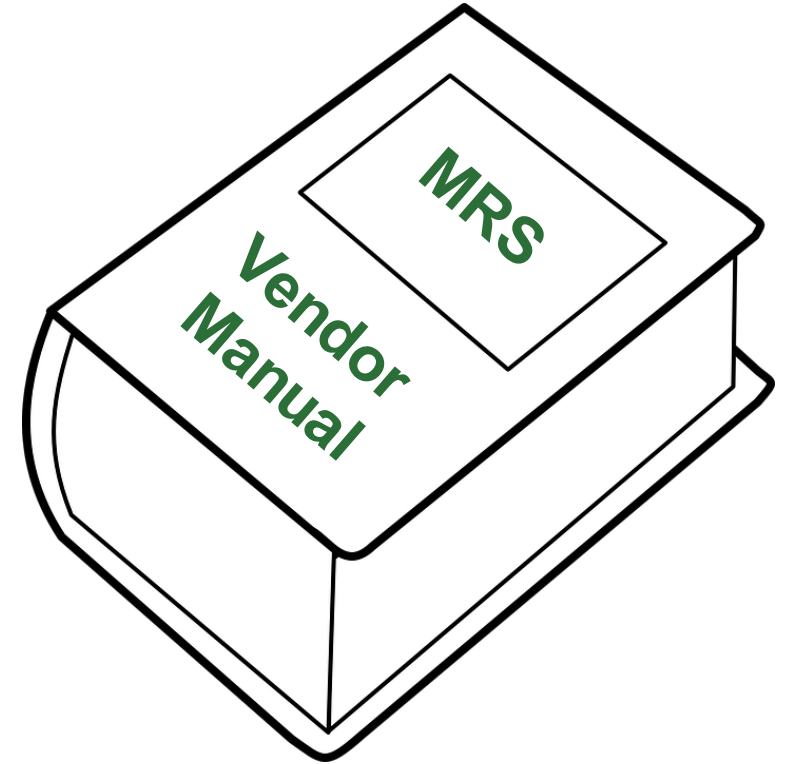
A unified document for all
MRS-to-vendor guidance.

Current Vendor Guidance – Policy

Vendor Qualifications

MRS counselors seek services from accredited rehabilitation organizations, practitioners with knowledge and experience in providing job coaching services, and/or appropriate licensed agencies.

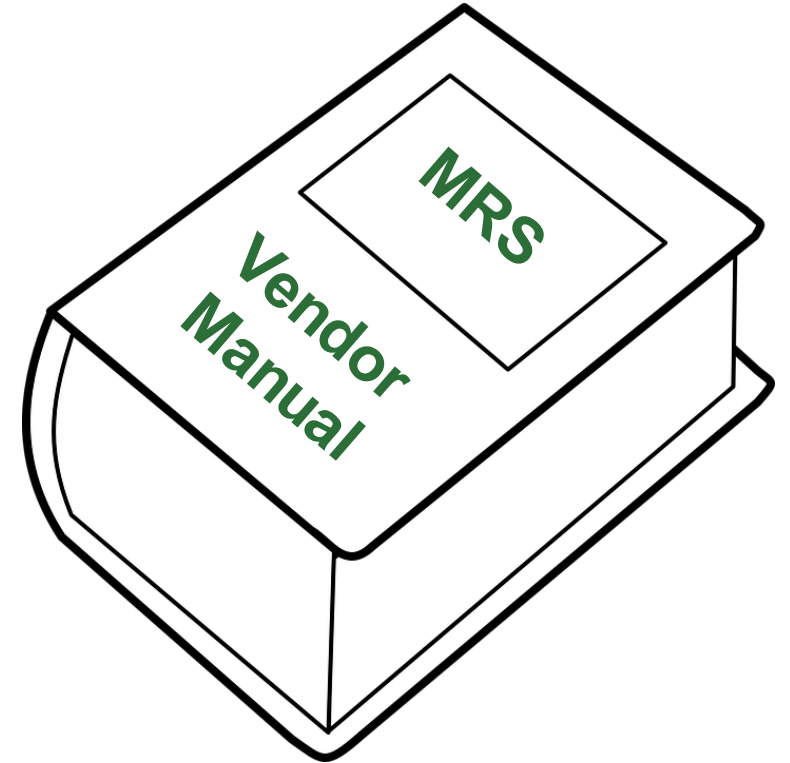
If there is a question regarding use of a vendor, MRS counselors consult with MRS manager.



From RSM 6080 – Job Coaching Services

Current Vendor Guidance – Memorandums

GRETCHEN WHITMER GOVERNOR	STATE OF MICHIGAN DEPARTMENT OF LABOR AND ECONOMIC OPPORTUNITY LANSING	SUSAN CORBIN DIRECTOR
<u>OFFICIAL</u>		
Michigan Department of Labor and Economic Opportunity Michigan Rehabilitation Services (MRS) Informational Memorandum IM-23-02		



From IM 23-02 regarding vendor reporting requirements

Current Vendor Guidance – Website

Information for Vendors



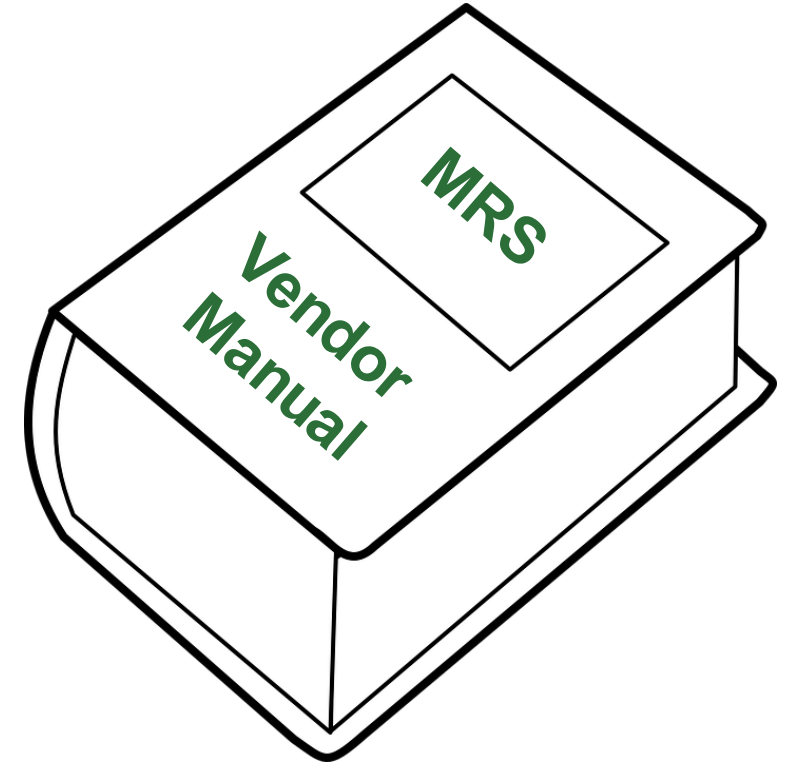
Information for Current State of Michigan Vendors

MRS values its working relationships with existing State of Michigan vendors. The following page includes resources and forms for existing State of Michigan vendors working with MRS (e.g. MRS fee schedule,



Information Regarding MRS Vendor Rate Restructuring

In 2017, the Rehabilitation Services Administration (RSA) conducted a review and on-site monitoring of the Michigan Rehabilitation Services (MRS) program as authorized under Title I of the Rehabilitation



From the MRS public website

MRS

Component 1: Payment Processes and Rates

Example questions to address:

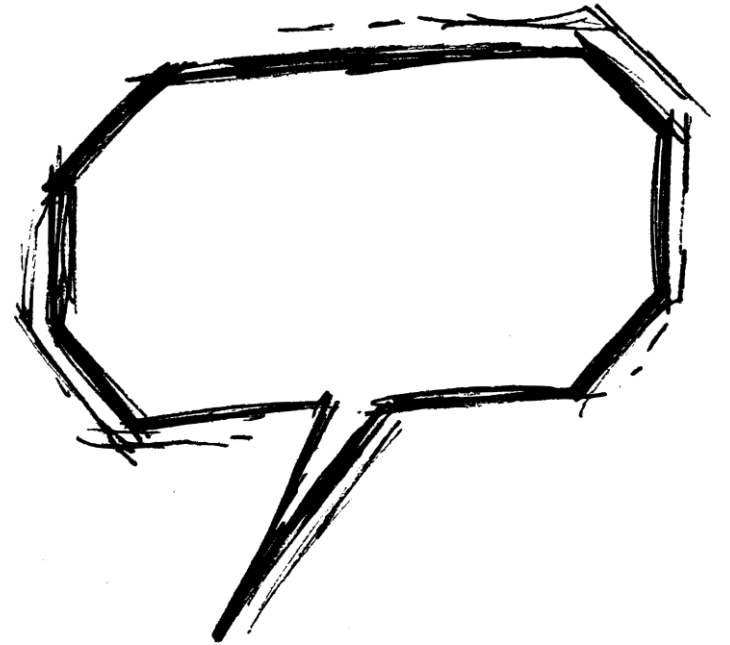
- What is my rate of payment for the service(s) I provide?
- How quickly can I expect to receive payment?
- I expected to be paid by now and have not been paid. What do I do?



Component 2: Communication Channels

Example questions to address:

- How do I stay updated to changes in MRS programming?
- How and to who do I ask questions?



Component 3: Ethical, Legal, and Regulatory Requirements

Example questions to address:

- In what circumstances, if any, is it permitted to disclose customer information?
- What do I do with customer records after providing services?
- What are the consequences of an MRS vendor violating an ethical, legal, or regulatory requirement?



Component 4: Reporting Requirements

Example questions to address:

- What reports are required of me when providing services to an MRS customer?
- Can I use my own template/form, or does MRS require use of MRS-provided templates/forms?
- Do I need to submit a monthly progress report for the final month of services, or only the final report accompanying the invoice?



Component 5: Critical Incidents

Example questions to address:

- What constitutes a critical incident?
- Who at MRS do I notify of a critical incident?
- What is the resolution process for critical incidents reported to MRS?



Component 6: Staff Background Checks

Example questions to address:

- What background checks will be conducted?
- What findings are disqualifying for vendor staff to work with MRS customers?
- What is the resolution process if a background check reveals criminal history?



Component 6: Staff Background Checks – Pilot Project

MRS will be launching a pilot project to finalize the Background Check Process:

- Participant notifications will be sent out within the next 90 days. Will be statewide after pilot completion.
- Background Checks will apply to both new and existing vendors.
- Which staff will be subject to a Background Check?



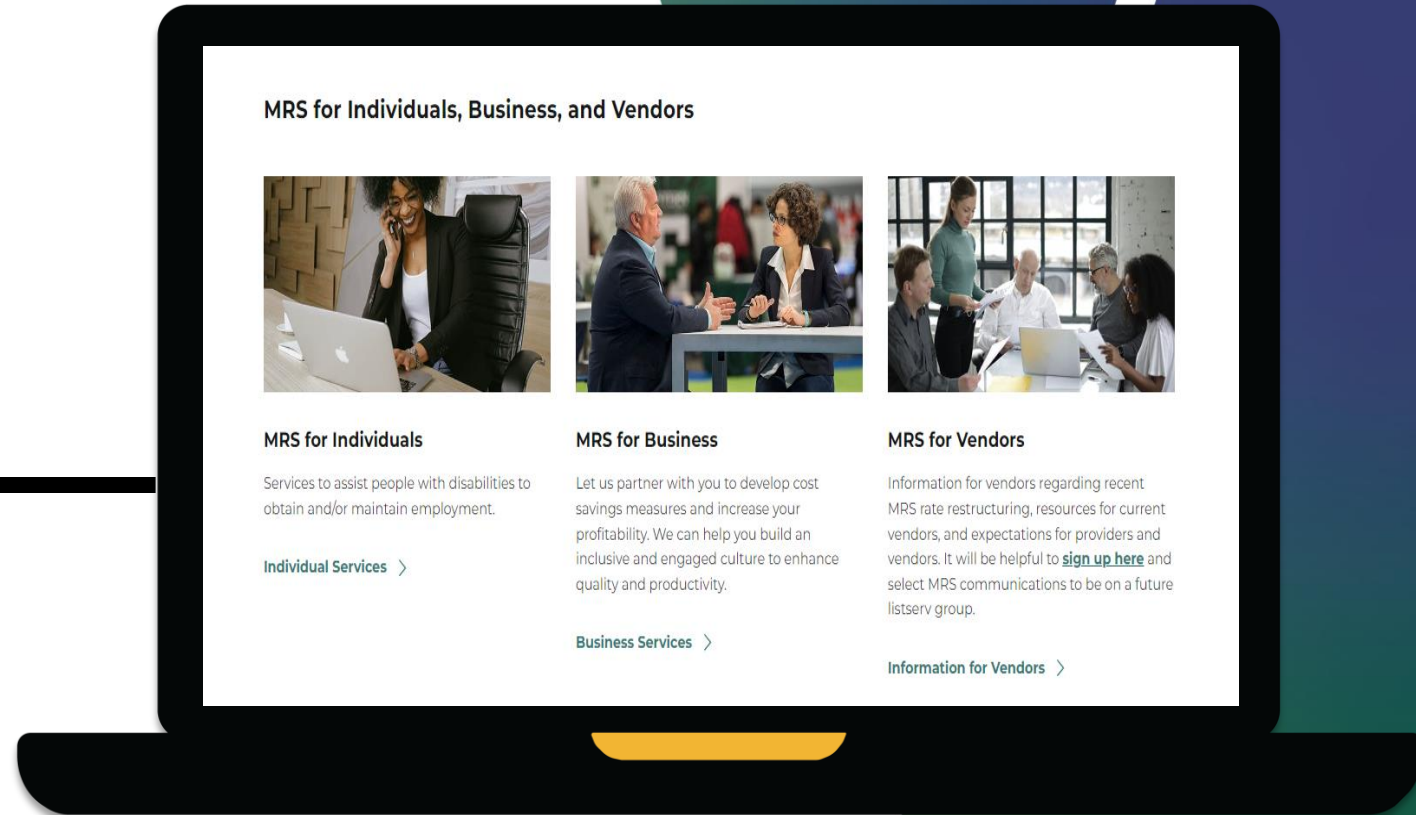
What's next?

Steps for MRS to take:

1. Background check pilot
2. Internal review
3. Rulemaking and public comment
4. Implementation

Steps for vendors to take:

1. Subscribe to MRS email updates
2. Attend or watch recordings of future quarterly public meetings with MRS vendors
3. If selected for the background check pilot, you will be notified

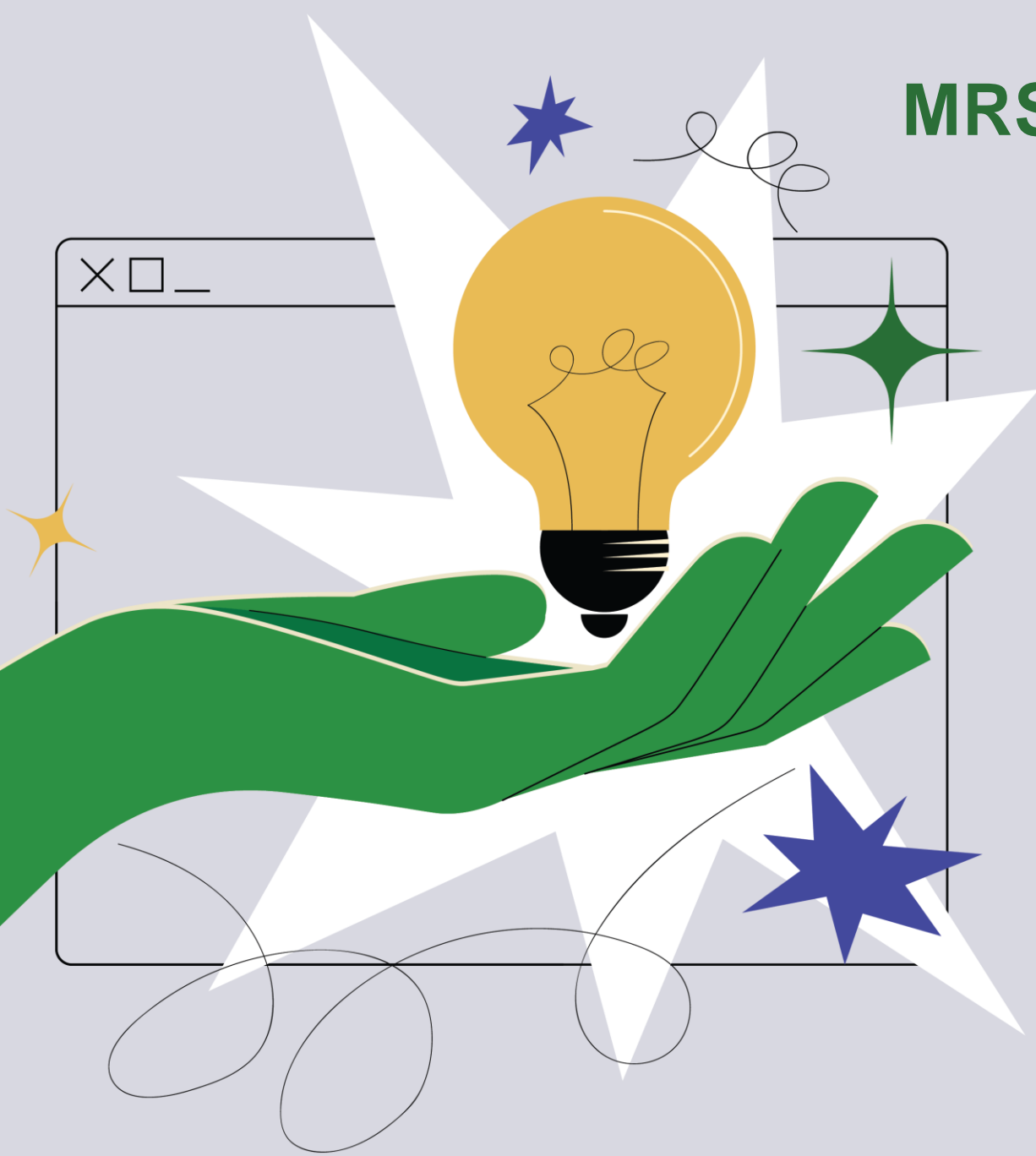


Vendor Advisory Workgroup

- To enhance and improve the relationship between MRS and its vendors, PCG will facilitate a vendor advisory group to
 - Leverage rapid cycle problem solving to identify and resolve system challenges
 - Identify successful practices and stories that can be shared across the agency
 - Develop vendor champions and a feedback loop for MRS leadership
- The group will meet on a quarterly basis and produce a summary of recommendations for MRS leadership.



Providers participating in the town halls reported wanting increased communication with MRS leadership.



MRS Public Meetings for Providing Information to Vendors

2024 Summer Vendor Meeting

When: June 2024, Date TBD

Where: Virtual

2024 Fall Vendor Meeting

When: November 2024, Date TBD

Where: In-Person

2025 Winter Vendor Meeting

When: February 2025, Date TBD

Where: Virtual



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OPPORTUNITY**

MRS *PROMOTING
ABILITIES*
Michigan Rehabilitation Services

Thank you for your time.

Questions? Thoughts?

Survey



MRS