

Agency # 172.00

Arkansas Department of Career Education
Arkansas Rehabilitation Services Division
Policy Governing the Rates of Payment for Purchased VR Services

Summary of the Rule

Department: Department of Career Education

Division: Arkansas Rehabilitation Services Division

New Rule: Department of Career Education, Rehabilitation Services Division Policy
Governing the Rates of Payment for Purchased VR Services

Effective Date: December 1, 2015

Summary: This policy will govern ARS in rates of payment for purchased VR services.

The federal regulation and/or statute citation:

Section 103 of the Rehabilitation Act of 1973, as Amended – 34 CFR 361.40(c)(1) - 34 CFR 361.12, CFR 361.50(c)(1) and 2 CFR, 225, Appendix A, paragraph C.

**APPENDIX I
POLICY GOVERNING THE RATES OF PAYMENT
FOR PURCHASED VR SERVICES**

1. VOCATIONAL REHABILITATION SERVICES

Vocational rehabilitation services are any services described in CFR 361.48, and necessary to assist an individual with a disability in preparing for, securing, retaining, or regaining an employment outcome consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual.

2. REQUIREMENTS FOR REHABILITATION SERVICE PROVISION

See ARS Policy Manual Section 6 for Service Provision Guidelines and Excluded Services for Purchased VR Services.

3. RATES OF PAYMENT

When determining model rates for provider reimbursement, ARS utilizes approved standards of compensation that are recognized authorities or accrediting bodies in the applicable field and establishes that rate for its certified vendors providing goods or services. For example, licensure by the state is recognized by ARS as a criterion for approval of all health care providers. Rates of payment for licensed physician or other authorized health care professional are set at the Medicaid rate as outlined below. Similarly, ARS recognizes national accreditation for the approval of colleges and universities as providers.

4. ARS PURCHASING REQUIREMENTS

PROCEDURES – PURCHASING

The Arkansas Office of State Procurement requires competitive bids for commodities or services that cost over \$10,000 (ACA §19-11-234). In order to ensure that the cost is reasonable ARS further requires competitive bids for purchases over \$5,000. Rates of payment for goods or services under \$5,000 are based on fee schedules or compared in the local market in order to ensure a reasonable price.

If the cost of one item or the total cost of like items amount to:

4.01 Tier 1

\$5,000.01 or more but less than \$10,000 (tax excluded) will require the approval of the District Manager. Within 30 calendar days, the counselor will obtain at least three written quotes, complete the Request for Purchase form (RS-357) with a Memo explaining the need for purchase, and submit this information to the District Manager. The District Manager will approve the lowest bid in accordance with the State of Arkansas procurement laws, rules, and regulations. If less than three quotes are obtained, a statement of explanation will accompany the purchase request. Quote specification details will be consistent to all vendors. If the District Manager approves the lowest vendor, a copy of the RS-357 will be returned to the counselor. Upon receipt, the counselor may issue an authorization.

4.02 Tier 2

\$10,000.01 or more but less than \$25,000 (tax excluded) will require the approval of the Chief of Field Services and the District Manager. Within 30 calendar days, the counselor will obtain at least three written quotes, complete the Request for Purchase form (RS-357) with a Memo explaining the need for purchase, and submit this information to the District Manager. The District Manager will approve the lowest bid in accordance with the State of Arkansas procurement laws, rules, and regulations. If less than three quotes are obtained, a statement of explanation will accompany the purchase request. Quote specification details will be consistent to all vendors. The RS-357 will be submitted to the Chief of Field Services for final approval. If approved by the Chief of Field Services and the District Manager, a copy of the RS-357 will be returned to the counselor. Upon receipt, the counselor may issue an authorization.

4.03 Tier 3

\$25,000.01 or more requires the approval of the Chief of Field Services and the Commissioner. Within 30 calendar days, the counselor will obtain at least three or more verbal or written quotes, and submit this information to the District Manager. If the counselor is unable to obtain three quotes, a statement of explanation must accompany the purchase request. Quote specification details will be consistent to all vendors. The counselor/District Manager must be satisfied the price is fair and reasonable based on the following:

- Evaluation of the work to be performed
- Bids including consolidated price summary of material (list items) quantities
- Labor hours/rate of pay
- Reflect fair market value – price a buyer would ordinarily pay.

The counselor completes the Request for Purchase form (RS-357) with a Memo explaining the need for purchase, and submits to the District Manager. If the District Manager approves the need for purchase, he or she will forward the Request for Purchase to Central Office to arrange for the purchase in accordance with the State of Arkansas procurement laws, rules, and regulations. The bid process ensures costs are reasonable, and the segregation of duties ensures internal control. The Central Office will complete the purchase and notify the counselor, who will note the justification in the IPE.

5. MEDICAL REHABILITATION SERVICES

The rate of payment for physician services, dental treatment, glasses, optical aids, and artificial eyes, hearing aids, hospitalization, nursing services, orthotic devices, physical and occupational therapy, prosthetic devices, psychotherapy, speech and hearing therapy, and surgical implants/appliances are based at 80% of the Arkansas Blue Cross and Blue Shield fee schedule, which is the Medicaid rate. Arkansas Blue Cross and Blue Shield uses the Resource Based Relative Value System (RBRVS) as a guide for establishing fees. The RBRVS was developed with input from thousands of providers, and has become industry standard for establishing physician payments.

ARS utilizes health care professionals and facilities that have agreed to accept the Arkansas Blue Cross and Blue Shield fee schedule as their maximum payment, and cannot collect amounts greater than the schedule for covered services to those insured by Arkansas Blue Cross and Blue Shield.

With hospitals, Arkansas Blue Cross and Blue Shield determines hospital payment rates using the Diagnosis Related Groups (DRGs) classification system which groups hospital patients according to similar diagnostic criteria and other characteristics.

5.01 Physician Services

Rates of payment for medical services provided by physicians are set at the Medicaid rate as of July 1 of each year, updated annually. Services are identified and reimbursed by CPT code.

5.02 Dental Treatment

Rates of payment for dental services are set at the Medicaid rate as of July 1 of each year, updated annually. Services are identified and reimbursed by CPT code. If no qualified vendor agrees to accept the Medicaid rate established for dental services, the counselor may, with the written permission of the district manager that is entered into the client case file, negotiate a reasonable fee based on the lowest of three competitive estimates from vendors in the local area.

Insurance benefits must be used first in paying for surgical and medical services. The amount allowed by the ARS Fee Schedule will be authorized followed by the statement "Rehabilitation Services will pay only that part of the authorized amount not covered by the insurance policy up to the maximum amount allowed by the ARS Fee Schedule." (**See Appendix I.**)

The file must document the rational use in price decision: previously proposed prices, contracted prices, market research for the same items.

5.03 Glasses, Optical Aids, and Artificial Eyes

Rates of payment are set at the Medicaid rate for prescription glasses, optical aids, and artificial eyes.

Rates of payment are set at the published list price for a non-prescription item, e.g., closed circuit television, magnifiers, etc. The ARS assistive technology team, here and after referred to as AT@Work, reviews purchases to ensure the price is reasonable in the market. If no qualified vendor agrees to accept the published rate of payment, the counselor may, with the written permission of the district manager that is entered into the client case file, negotiate a reasonable fee based on the lowest of three competitive estimates from vendors in the local area.

5.04 Hearing Aids

ARS will purchase a hearing aid(s) for consumers who have a hearing disorder that has been diagnosed by a physician and after completion of a hearing aid evaluation by an audiologist. If it is determined a hearing aid is indicated, the audiologist will recommend consistent with the need for a monaural analog, binaural analog, monaural digital, or binaural digital hearing aid(s). The audiologist's report must indicate the type (analog or digital) of hearing aid and number (monaural or binaural) as well as specify the brand name and model recommended.

In instances when the audiologist is recommending binaural aids a prescription from the treating physician supporting the recommendation should be provided. A letter of justification from the audiologist that addresses why binaural aids are recommended considering the type and extent of the hearing loss and how the consumer's hearing disability functionally interferes with communication and/or presents concern regarding safety consistent with the consumer's identified vocational objective. ARS will provide payment for hearing aids at the Medicaid rate.

5.05 Hospitalization

Rates of payment for inpatient hospital services are set at the rate of the Medicaid per diem for that facility. The rate of payment for surgery is set at the Medicaid rate.

5.06 Nursing Services

Rates of payment for nursing services provided in private hospitals are included in the Medicaid per diem rate for hospitals.

5.07 Orthotic Devices

Rates of payment for orthotic devices are set at the rate of the Medicaid fee schedule.

5.08 Physical and Occupational Therapy

Rates of payment for physical and occupational therapy services are set at the Medicaid rate as of July 1 of each year, updated annually. Services are identified and reimbursed by CPT code.

5.09 Prescription Drugs

Rates of payment for prescription drugs are based on the average wholesale price plus a dispensing fee of \$5.00 or the usual and customary list price, whichever is less. ARS has a preference for generic over brand unless the prescribing medical professional indicates otherwise.

The file must document the invoice includes vendor name, address, invoice date, the name of the prescribed medication, quantity, and the agreed/previously priced for the same or similar prescription drugs. The price is reasonable considering the charge/cost is the same for all customers, and reflects fair market price value for comparable goods or services in the local area.

5.10 Prosthetic Devices

Rates of payment for prosthetics are set at the Medicaid rate. All prosthetic requests are reviewed by the AT@Work physical therapist to ensure the prosthesis and its components are consistent with the client's expressed vocational goal. As part of the report the physical therapist will document the allowable Medicaid rate for the device.

ARS will purchase prosthetic and orthotic devices from certified professionals in the area of expertise by the American Board of Certification on Orthotics and Prosthetics in accordance with informed choice. Artificial arms, legs, and components must be purchased through prosthetics certified by the American Board of Certification on Orthotics and Prosthetics. A list of approved vendors will be maintained. Payments will be made according to the established ARS Fee Schedule. **(Policy Manual Section IV: Services, Prosthetic and Orthotic device, page VI-40.)**

Arkansas Rehabilitation uses the prevailing Arkansas Medicaid fee schedule, which is based on the State, individual income, employer coverage, number of people in the household, number of children and number of adults. A link to the current Medicaid Fee Schedule can be found on the ARS Website under Information and Forms Section. Individuals can obtain additional information regarding Procedure Codes by contacting the local DHS county office or by calling 1-800-482-8988.

5.11 Psychotherapy

Rates of payment for psychotherapy services are set using the most cost-effective means available considering the needs of the individual. Community mental health providers are utilized, as appropriate, and the rate of payment will be consistent with the facility's sliding schedule.

If services are not available or feasible from a community health provider, psychotherapy must be provided from a psychiatrist, licensed psychologist, psychological examiner, licensed clinical social worker, or licensed clinical professional counselor. Counselors preauthorize all services to ensure rate of payment matches the established Medicaid rate for the State of Arkansas as approved by the General Assembly (the Medicaid rate), which is set as of July 1 of each year, updated annually. Services are identified and reimbursed by CPT code. Invoices are validated by the counselor to match the CPT code.

5.12 Speech and Hearing Therapy

Rates of payment for speech and hearing therapy are at the Medicaid rate as of July 1 of each year, updated annually.

5.13 Surgical Implants/Appliances

Rates of payment for surgical implants/appliances are reimbursed the Medicaid rate as of July 1 of each year, updated annually. Services are identified and reimbursed by CPT code. If no qualified vendor agrees to accept the Medicaid rate established for surgical implants/appliances, the counselor may, with the written permission of the district manager

that is entered into the client case file, negotiate a reasonable fee based on the lowest of three competitive estimates from vendors in the local area.

5.14 Wheelchairs

ARS will purchase wheelchairs consistent with a physician's prescription and upon review and recommendation by the AT@Work program. A minimum of three bids from recognized vendors is required with the award going to the lowest bidder.

6. SERVICES RELATED PRIMARILY TO SENSORY AND COGNITIVE DISABILITIES

6.01 Assistive Aids and Devices

Rates of payment for assistive technological aids and appliances are set at the published list price. The AT@Work assessment team reviews purchases to ensure that the price is reasonable in the market.

6.02 Auxiliary Aids

Agency interpreters will be utilized when available. Payment rates for non-agency interpreter services are set on the ARS fee schedule. Payment rates for reader services and note taking services are set at the standard rates of the college, university, or institution the client is attending.

6.03 Auxiliary Aids/Reasonable Accommodations in Institutions of Higher Education

Reasonable accommodations will be provided by the agency, as appropriate, for out-of-class use in support of the educational program, such as reader services needed to complete homework assignments in a dormitory or at home. Rates of payment for the particular service are set at the standard rates of the college, university, or institution the client is attending.

7. RESIDENTIAL ARCHITECTURAL MODIFICATIONS

Rates of payment for approved architectural modifications to a consumer's residence will be consistent with recommendations of an AT@Work assessment. Finding contractors familiar with construction with ADA requirements can be difficult in rural areas, especially for low cost projects. Counselors will work with AT@Work staff and the client to find licensed contractors to provide quotes on the cost of construction to ensure reasonable cost on projects under \$5,000.

8. COMPUTERS

Computers that are necessary for an accommodation for a disability will be consistent with recommendations of an AT@Work assessment. Rates of payment for computers are set at the published list price. The AT@Work assessment team reviews purchases to ensure the price is reasonable in the market.

9. VEHICLE MODIFICATION SERVICES

Rates of payment for vehicle modifications will be consistent with the recommendation of an AT@Work assessment and set at the vendor's published list price. The AT@Work assessment team will review purchases to ensure that the price is reasonable in the market. As part of the review the AT@Work evaluator may contact other vendors to determine if the quoted cost is reasonable. If the cost of vehicle modifications exceeds \$5,000, counselors must adhere to the procedures outlined in Section 4. It will be the practice of ARS to utilize National Mobility Equipment Dealers Association (NMEDA) certified dealers whenever possible.

10. VEHICLE REPAIR

Rates of payment for vehicle repair are set at the published list price for the needed repair. The counselor obtains three price quotes and compares prices in the local market to ensure the price is reasonable. The following research price comparison in the local area is used to document the rationale used in the price decision:

- Get a written estimate and work order
- Receive a clear copy of the invoice
- Invoice includes the shop's name and address, client's name, and car's license number and mileage. It includes the labor charge, the name, number, and price of each part replaced, and whether parts are new or rebuilt.
- The shop's warranty should be printed on the bill.

11. JOB PLACEMENT SERVICES

Rates of payment for job placement services by private vendors are negotiated by agency representatives and vendors. The approved standard rate is utilized throughout the state for all placement services: Job Referral – VR Only - \$250; Job Placement – VR Only - \$500; and Job Closure – VR Only (90 Days) - \$1,000.

12. SELF-EMPLOYMENT SERVICES AND HOME-BASED EMPLOYMENT SERVICES

The role of ARS is not to act as the primary funding source for self-employment or small business endeavors. (Refer to ARS Policy Manual Appendix B on the Small Business Program.) Refer to specific VR services addressed in this policy for rates of payment for services required for self-employment and home-based employment.

13. SUPPORTED EMPLOYMENT SERVICES

Supported employment services include job development, job placement, job coaching, job stabilization, and successful closure. SE services include subsequent extended services funded by another entity than ARS. Rates of payment for Supported Employment Service were established by the agency with input from the vendors that provide these services. There was a determination made that ARS needed to put an emphasis on placement and closure based on recommendation from RSA. The approved standard rate is utilized

throughout the state for all CRP invoices.

Supported Employment Milestone (SE-1) Referral/Job Development - \$1,000

Supported Employment Milestone (SE-2) Job Match/Placement - \$3,000

Supported Employment Milestone (SE-3) Job Stabilization - \$1,000

Supported Employment Milestone (SE-4) Closure - \$3,000

14. VOCATIONAL COUNSELING AND GUIDANCE

The counselor will provide discrete, substantial counseling services that are vocational in nature and are specifically designed to assist the individual to reach an employment outcome.

Vocational counseling and guidance is provided directly by agency staff at no cost to the consumer.

15. VOCATIONAL TRAINING SERVICES

15.01 Personal Vocational Adjustment

Rates of payment are based on the published fee schedule of the provider. The counselor reviews and compares cost for the particular services in the local market to ensure the price is reasonable.

15.02 Vocational Training

Rates of payment for vocational training are set based on the type of vocational training services rendered. For Institutions of Higher Education and Community Colleges for Associate Degrees please refer to 15.08 below. Rates of payment for vocational training for non-degree programs are set at the fee schedule of the institution or entity providing the training. Out-of-state training fees will not exceed the rate paid for in-state training fees for the same degree, certification, or course of study available at an institution within the state.

15.03 Books, Uniforms, and Supplies for Vocational Training

Rates of payment for books, uniforms, and supplies for vocational training are set at the fee schedule of the institution or entity providing the training.

15.04 Occupational Tools for Training

Rates of payment for occupational tools are set at the fee schedule of the institution or entity providing the training.

15.05 General Education Diploma (GED)

GED training and testing are provided through the Arkansas Department of Career Education, Adult Education programs in each county set at the fee rate of the Adult Education program.

15.06 Tutorial Services

The majority of universities in the state of Arkansas provide tutoring services for free as part of the disability support services on each campus. The agency encourages clients to utilize this benefit. If tutoring services are not available, rates will be determined in accordance with the level of course requirements and based on teaching credentials or qualifications of the tutorial services provider.

15.07 On-The-Job Training

On-the-job training (OJT) offers the opportunity for individuals to learn a job directly at the job site with the business owner or an assigned co-worker providing training specific to that position. Rates of payment for OJT are set at the entry level rate in the local market.

15.08 Training in Institutions of Higher Education and Community Colleges

Rates of payment for educational expenses are set on the tuition fee schedule of the institution or community college. Out-of-state tuition will not exceed the rate paid for in-state tuition for the same degree, certification, or course of study available at a public institution within the state.

16. OCCUPATIONAL TOOLS FOR EMPLOYMENT

Rates of payment for occupational tools for employment are set at the published list price. The counselor reviews purchases and compares prices in the local market to ensure the price is reasonable.

17. SUPPORT SERVICES**17.01 Interpreter Services**

ARS is developing a standardized fee schedule for contract interpreters based on labor market rates and associated published data.

17.02 Personal Assistance Services

Personal Assistance Services, also referred to as attendant care, refers to a range of services provided by one or more persons designed to assist an individual with a disability to perform daily living activities on or off the job the individual would typically perform without assistance if the individual did not have a disability.

Payment for personal assistance services are determined on the basis of what activities are necessary and reasonable to meet the needs of the consumer. Rates of payment are based on the level of care prescribed by the attending physician. Personal assistance services must be reviewed and approved by the ARS Local Medical Consultant. Amounts of service and rates will be established on a case-by-case basis not to exceed Medicaid rates. Personal assistance services are not subject to financial means testing.

17.03 Maintenance

Rates of payment for maintenance are determined by ARS on a case-by-case basis of what is necessary and reasonable to meet the needs of the consumer.

17.04 Services to Family Members

Rates of payment for services to family members are determined by ARS on a case-by-case basis of what is necessary and reasonable to meet the needs of the family.

17.05 Transportation

The amount and type of funding for transportation is determined with the individual with consideration given to actual expense anticipated using the most cost-effective means of transportation consistent with the individual's needs. Rates of payment for private transportation assistance may include provision of gas money/mileage allowance not to exceed the current state reimbursement rate per mile. Public transportation will be utilized when possible.

17.06 Exception to Service Provision Policy

As stated in the ARS Policy Manual, Appendix G, Exceptions to Service Provision Policy, Page 1: The provision of VR services is based on the rehabilitation needs of the individual, as those needs are identified in the IPE and consistent with the individual's informed choice. Although it is not the intent of ARS to limit services to any individual, thresholds (maximum allowable amounts) have been established for some services. ARS recognizes some individuals with disabilities have unique needs, which may need to be considered as an exception to the normal policy. These individuals are informed and provided an opportunity to request an exception to service provision policies due to extenuating circumstances.

Please refer to the ARS Policy Manual, Appendix G, Pages 1-2 for the procedure to request an exception to a service provision policy.

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Department of Career Education
DIVISION Arkansas Rehabilitation Services Division
PERSON COMPLETING THIS STATEMENT Joseph Baxter
TELEPHONE NO. 501-296-1614 **FAX NO.** 501-296-1618 **E-MAIL** joseph.baxter@arkansas.gov

To comply with Ark. Code Ann. § 25-15-204(e), please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Department of Career Education Rehabilitation Services Division, Policy Governing the Rates of Payment for Purchased VR Services.

- 1. Does this proposed, amended, or repealed rule have a financial impact? Yes No
- 2. Is this rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule? Yes No
- 3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes No

If an agency is proposing a more costly rule, please state the following:

- (a) How the additional benefits of the more costly rule justify its additional costs;
N/A
- (b) The reason for adoption of the more costly rule;
N/A
- (c) Whether the more costly rule is based on the interests of public health, safety, or welfare, and if so, please explain; and;
N/A
- (d) Whether the reason is within the scope of the agency's statutory authority; and if so, please explain.
N/A

4. If the purpose of this rule is to implement a federal rule or regulation, please state the following:

(a) What is the cost to implement the federal rule or regulation?

<u>Current Fiscal Year</u>	(FY2015)	<u>Next Fiscal Year</u>	(FY 2016)
General Revenue	<u>N/A</u>	General Revenue	<u>N/A</u>
Federal Funds	<u></u>	Federal Funds	<u></u>
Cash Funds	<u></u>	Cash Funds	<u></u>
Special Revenue	<u></u>	Special Revenue	<u></u>
Other (Identify)	<u></u>	Other (Identify)	<u></u>
Total	<u></u>	Total	<u></u>

(b) What is the additional cost of the state rule?

Current Fiscal Year

Next Fiscal Year

General Revenue	<u>0</u>
Federal Funds	<u>0</u>
Cash Funds	<u>0</u>
Special Revenue	<u>0</u>
Other (Identify	<u>0</u>
Total	<u>0</u>

General Revenue	<u>0</u>
Federal Funds	<u>0</u>
Cash Funds	<u>0</u>
Special Revenue	<u>0</u>
Other (Identify	<u>0</u>
Total	<u>0</u>

5. What is the total estimated cost by fiscal year to any private individual, entity and business subject to the proposed, amended, or repealed rule? Identify the entity(ies) subject to the proposed rule and explain how they are affected.

Current Fiscal Year

Next Fiscal Year

\$ 0

\$ 0

6. What is the total estimated cost by fiscal year to state, county, and municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

Current Fiscal Year

Next Fiscal Year

\$ _____

\$ _____

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes No

If YES, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
 - (a) justifies the agency's need for the proposed rule; and
 - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;

- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
 - (a) the rule is achieving the statutory objectives;
 - (b) the benefits of the rule continue to justify its costs; and
 - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.