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Research Progress Report

Contracted job development in rural communities: VR agency perspectives

Legislation guiding VR service delivery provides flexibility regarding how services are organized and implemented. As a result, state VR agencies provide services in the context of their own resource parameters (e.g. budget and agency size) and geography. This natural variation allows for a variety of service delivery models to emerge, each with associated benefits and drawbacks. To date, however, there is little comparative evidence for evaluating rural service delivery practices.

To address this knowledge gap, we conducted 82 qualitative interviews with VR informants from 48 state VR agencies including 17 general agencies, 12 blind/low vision agencies, and 19 combined agencies. VR directors at each participating agency identified informants who could speak about current rural delivery practices.

Methods

Informant interviews were semi-structured and focused on a variety of topics including VR outreach efforts; job development and placement services; logistics such as caseload, service area, and contact rates; unique models; and barriers and facilitators to serving rural communities. Interviewees consisted of 21 counselors, 4 supervisors, 37 area managers, and 20 administrators. Two researchers participated in the interviews. Interview notes were coded using QSR NVIVO 2.0 qualitative analysis software.

Informant interviews revealed a wealth of information about service delivery issues in rural communities. This factsheet focuses on contracted job development and placement including vendor services, vendor reach in rural communities, payment strategies, and vendor development. Each of these is discussed below.

Vendor Services

For this research, we defined vendor services as arrangements where the VR agency contracts with an individual, private agency, or community rehabilitation program to deliver services to VR clients. Overall, informants from 28 of the 48 state agencies that

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participated in the research (or 58% of the agencies) reported using vendor services for job development and placement activities. Among these, informants (n=23) from 15 agencies reported using vendor services almost exclusively for job development activities, and informants (n=21) from 13 agencies reported using a mixed model, where the counselor performed job development in some cases and vendors provided services in other cases.

Vendor use varied dramatically across agencies. For instance, some agencies used vendors for hard-to-place clients, while others referred clients only when the client was job ready. Likewise, some agencies hired vendors for specific subpopulations such as migrants or clients with mental health issues, while others used vendors across the board. Three informants indicated that vendors were vital to rural service delivery because vendors had greater opportunities to develop rural employer relationships. Unfortunately, not all communities were served equally.

Vendor Reach in Rural Communities

Informants (n=55) from 35 agencies (83% of agencies included in the study) described issues related to vendor reach in rural areas. Informants (n=5) from just four agencies said that vendors adequately served the entire state. The vast majority of participants, however, described situations where vendor reach was very limited or not available at all.

Limited vendor choice. Informants (n=21) from 14 agencies indicated that vendors were available in most of their states, but that choice was very limited in rural areas. This was described as a particular problem for clients who had poor experiences with one or two vendors and were left without other choices in their communities.

No vendor choice. Other informants (n=24), representing 18 agencies, described situations where certain rural regions were not served by any vendors. This was highlighted as a significant problem in one state that contracted out the majority of job development activities because counselors were not adequately trained to provide this service. Other informants indicated that counselors were ultimately responsible for serving their clients, and that in the absence of vendor services, the counselor stepped up to the plate. This helped clarify an observation that rural counselors provided a broader spectrum of services, while urban counselors just “wrote prescriptions.”

Declining services. Additional factors contributed to vendor availability. For instance, informants (n=3) from three agencies that served rural clients with blind or low vision indicated that vendors were unwilling to serve their clients because placement was more difficult and not cost-effective given travel costs associated with remote locations. Additionally, informants (n=4) representing four agencies indicated that certain client cases were declined by available vendors if job prospects and transportation options were limited. Finally, many informants highlighted that vendor payment schedules factored negatively into rural vendor availability.

Payments to Vendors

Informants (n=37) from 29 agencies described how they paid vendors to provide services. Agencies used a variety of payment schedules including milestone or benchmark payments, hourly compensation strategies, competitive bids, and travel pay. How vendors were paid appeared to influence both the availability and efficiency of services. In one state, for instance, changing to a competitive bid process resulted in a reduction from 80 to 44 providers. From the perspective of the informant, VR did not purchase enough services from vendors serving rural communities to entice them to complete required paperwork for bid submission.

Milestones and benchmarks. The majority of informants (n=24), representing 17 agencies, described milestone or benchmark payments associated with plan development, placement, and 90 days on the job. Many of these agencies had switched from hourly payment structures to benchmarks to reduce costs, but additional differences were noted. Four informants indicated the change to benchmarks was favorable since it provided more clarification about what was expected and created greater incentive among providers to keep cases moving along. Additionally, with milestone payments it was noted that vendors had higher expectations regarding job readiness before accepting cases. Essentially, if clients had self-sabotaging behaviors such as missing appointments or showing up un-bathed, then vendors requested that counselors address behaviors first.

One informant indicated that his agency offered higher provider rates for serving outlying areas. The majority, however, described negotiated benchmark rates that were calculated on an average case basis – much like insurance rates. Although some benchmarks provided tiered payment systems based on individual characteristics such as hard to serve or risk of drop out, rates were rarely adjusted to account for geographic or employment opportunity differences.

In situations where certain cases were cheaper to serve relative to others, creaming appeared to become a factor. Five informants indicated that the switch from hourly to benchmark arrangements resulted in fewer vendors available in rural communities. Specifically, informants indicated that vendors declined rural cases because rural clients were harder to reach, had fewer employment opportunities, experienced more transportation barriers, and that cases generally took more time to closure. Vendors were described as unwilling to do up-front work for riskier cases, which included serving rural clients and clients with low vision or blindness. Perhaps this is the reason five of the most sparsely populated states in the study maintained an hourly compensation payment structure.

Rural communities were at further disadvantage because placements often lacked economies of scale. One informant described that up-front work with urban employers often resulted in multiple placements, whereby subsequent cases were cheaper to serve because they had established a relationship with larger employers. This situation was not as evident in rural placements because job developers worked with mom and pop establishments that hired very few employees. Another informant said that his state offered bonuses for more expedient job placement, but that few rural vendors received these incentives because cases took longer. Interestingly, one informant felt that rural placements were overpaid using the benchmark system, because rural jobs were often entry level and did not require much time to develop.

Travel costs. Travel costs were recognized as a barrier to vendor availability in rural areas. Although two agency informants indicated that their state fully covered vendor travel time and mileage, many informants described limitations on travel reimbursements or situations where the state did not offer any compensation at all. For instance, three states provided travel reimbursement only when the distance was over 50 miles (100 miles round-trip). For two of these agencies, travel also had to relate to on-site intensive job coaching. Three agency informants said that vendors were reimbursed for travel time, but not for mileage or vehicle wear and tear. Informants (n=5) representing five agencies indicated that travel was not reimbursable at all, since it was already built into the average milestone reimbursement rates. All recognized, however, that this was a disincentive to serving rural communities.

Vendor Development

Vendor reach and availability were particularly problematic in some states. To encourage vendor availability, some agencies waived certain education or accreditation requirements for small providers or employed additional resources for recruiting and maintaining services. Informants (n=15) representing 11 agencies described approaches or models for expanding vendor availability in rural areas.

Individuals as providers. Informants (n=11) from nine agencies described situations where individuals could apply to provide services on a limited basis. In general, people had to have some qualifications such as a bachelor's degree in a human service field and some experience with job development activities, but did not need to become CARF accredited to provide services. Examples of these individuals included a clinician, chamber of commerce representative, teacher, job coach, and retired counselor. Some states had specific limitations for the annual amount the agency would pay for services from these non-accredited providers. For instance in one state, individuals could not bill more than $20,000 per year.

Advantages of these individual provider arrangements included the ability to increase competition and choice in small communities, to hand pick effective providers that know the communities they serve, and to terminate contracts easily when providers were underperforming. Additionally, individual providers were recognized as inexpensive because they were required to pay their own FICA and social security. Disadvantages related to identifying and developing appropriate individuals for these jobs.

Marketing and recruitment. Informants (n=4) from three agencies indicated that they actively marketed opportunities to provide job development services in rural areas. Specifically, one informant indicated that counselors, managers, and administrators 1) identified people who might be good providers, 2) provided rationale for delivering services in rural communities that highlighted limited vendor competition and opportunities to build services, 3) developed a menu of specific services and price points, and 4) assisted the providers with completing their application and billing paper work. Informants from two other agencies had a more formalized approach. They had dedicated personnel to recruit new vendors, to assist with paperwork, and to help vendors establish linkages with other providers, such as the DD program to round out services.

Unfortunately, providers did not always emerge to fill rural needs. For instance, one informant described a situation where requests for job development services went up for bid. If no one applied, they had to reopen the bid request, which further delayed services for the client. Another agency guaranteed a minimum payment to secure a dedicated job developer for a rural region, but the dedicated funds did not result in any placements. One informant indicated that to attract rural vendors, his agency provided an opportunity to receive hourly and travel reimbursements rather than benchmark payments if the vendor attended a supplemental training on serving people with blind/low vision.

Conclusion

The majority of study informants indicated that vendor reach was compromised in rural communities. While issues such as travel distance, limited employment opportunity, and transportation barriers fall outside the sphere of VR influence, agencies can and have taken steps to expand vendor services and discourage creaming. Cited strategies to increase reach included travel reimbursement, alternate fee schedules, and expansion of non-traditional models, such as independent contractors.

One of the interesting findings was that the most sparsely populated states represented in the study primarily utilized hourly reimbursement schedules with their vendors. Next steps might include enhanced understanding about decision making regarding vendor payment structures and evaluation of payment schemes that guarantee quality services for all individuals and locations.

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