

Rehabilitation Services Policy Manual

SECTION
PART Fiscal Procedures
Prohibited Use of Funds and Conditions for
Authorizing/Purchasing

SECTION NO.
PUBLISHED 6-11
03/21

Section 6 Fiscal Procedures

Part 11 Prohibited Use of Funds and Conditions for Authorizing/Purchasing

Prohibited use of funds for any reason resulting from a violation of law or regulation

Vocational rehabilitation (VR) funds may not be used for any purpose or reason that results from violations of federal, state, local or tribal laws and regulations. *Source: Office of Management and Budget Circular Uniform Guidance, including the federal cost principles known as the super circular:* https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

This means that VR funds may not be used for the following:

- Penalties
- Fines
- Bad debts (prior debts)
- Damages
- Court settlements
- Court fees
- Late fees, such as those associated with delays in securing vehicle tags
- Interest penalties for any fine or settlement that resulted from a legal or regulatory violation
- Reinstatement of a driver's license
- Ignition interlock devices
- Expungement of legal records
(Further, service providers being paid by VR may not be paid for time spent assisting the client with the expungement process.)
- Parking tickets
- Impound or towing
(Towing for purposes of vehicle repair is allowed as long as there is no connection to an illegal act.)
- Traffic tickets (including parking tickets that go unpaid at post-secondary educational institutions and consumer cannot get their degree as a result)
- Unpaid child support
- Extra insurance premiums that result from traffic or other legal violations
- Reinstatement of any professional licenses after suspension due to legal or regulatory violations
- Any other services that result from a violation of law or regulations

If such services are currently included on any Individual Plans for Employment (IPEs), please inform your clients that VR will not be able to fund these services. You will need to provide this information in writing and include the appeal rights information. Do not include any such services on future IPEs or pay for anything that has already been included in some fashion, e.g., college "fees."

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Prohibited use of funds for debt incurred by the client

VR funds may not be used to pay for debt incurred by the client. This means that VR funds may not be used for:

- Student loans
- Previous medical bills
- Past-due utility bills and related interest and reinstatement fees
[Payment of utility bills is governed by the policy on maintenance. Maintenance means monetary support provided to an individual for expenses, such as food, shelter and clothing, that are *in excess of the normal expenses of the individual* and that are necessitated by the individual's participation in an assessment for determining eligibility and vocational rehabilitation needs or the individual's receipt of VR services under an Individualized Plan for Employment (IPE).]
- Fines or fees due to a school, e.g., parking violations or library fines that go unpaid and become a barrier to obtaining their degree.

If such services are currently included on any IPEs, please inform your clients that VR will not be able to fund these services. You will need to provide this information in writing and include the appeal rights information. Do not include any such services on future IPEs.

Requirements for signed IPEs and written authorizations prior to the purchase of goods or services

Federal regulations govern the types of services and goods that can be purchased, and the conditions under which such purchases can be made. First and foremost, we are required to adhere to the federal regulations related to the development/implementation of an IPE. 34 CFR 361.45 requires that services necessary to achieve the consumer's chosen employment goal be included on a written IPE and that the IPE must be signed by the consumer and qualified rehabilitation counselor before it can be implemented. This is a regulation that is both clear and straightforward -- if the service is not written down on an IPE and the IPE is not signed, the service cannot be provided. (Limited services necessary to determine eligibility are obviously exempt from this IPE requirement.)

In addition, Rehabilitation Services (RS) policy requires that any service purchased or paid for through VR must have written authorization input in KMIS prior to being started, purchased, received or rendered. There are only two exceptions:

Section 6 / Part 2 – Fiscal section

In limited circumstances when a counselor is away from his/her office, it is permissible for the counselor to provide a verbal authorization when any delay would impede the consumer's progress in the rehabilitation plan, impact an employment opportunity, or relate to a medical emergency. *Such verbal authorizations must still be made in advance of the service being provided and purchase of the related goods and services. The service must also already be included in the IPE.* In such cases, if the counselor

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provides a verbal authorization, he/she must immediately follow up with the written authorization in KMIS upon return to the office and the narrative must explain the situation and rationale.

Section 1 / Part 13 – Administrative issues

After the IPE is in place (Status 12 or above) and in very limited circumstances, such as medical emergencies (intercurrent illness) when it was not feasible for the client to get prior approval and no other source of funding is available, an exception may be approved. If approved, the IPE must be amended and signed before payment can be made. Each RS Program Administrator will establish a procedure for routing such exception requests through the RS Managers, RS Program Administrator or both.

The requirement for prior written authorization (before the service is received or the goods are purchased) is longstanding RS policy. In addition to the IPE sections including notice to the consumer and counselor that additional approvals for a particular service may be required, the long list of items informing the consumer of their rights, responsibilities, methods of payment and so are clear that no service will be provided without prior written authorization. The following information outlines the various sections and requirements of the RS policy manual that address the requirement for prior written approval of any service provided a RS consumer.

- Form Part 3 – Application acknowledgement signed by the consumer
 - Prior written approval from my counselor is needed before Rehabilitation Services will pay for any services.
- Form Part 26 – Participation agreement section of the IPE signed by the consumer
 - Consumer responsibilities listed include:
 - ✓ Get prior written authorization from my counselor before I purchase any goods or services to be funded by RS, and provide receipts when requested.
- Section 6 / Part 2 – Fiscal section
 - All services must be authorized before they are provided in order for RS to pay for them.
- **Handbook of Services** – provided to all consumers at the time of application
 - Page 2: In order for KRS to pay for any services, including diagnostic services, the counselor must give written approval BEFORE the service is provided or purchased. This requirement applies to all services or purchases.
 - Page 3: Services will be provided according to your IPE.
 - Page 8: Important reminder – Remember, KRS must approve payment of services listed on your IPE before the services are provided or purchased. The approval must be in writing from your counselor.

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- Page 13: List of consumer responsibilities – Get written approval before you buy anything listed on your IPE that you want KRS to pay for.

It is not permissible for a client to make a purchase for which no prior written authorization was provided and expect VR to provide a reimbursement or payment.

- Example 1: It is not permissible for a client to make a purchase that was not prior authorized and later turn in the receipts for reimbursement. The prior authorization must occur before the purchase is made.
- Example 2: It is not permissible for a client to use an authorization for anything other than the specific service or goods described on the authorization. For example, if VR provides an authorization for books at a college bookstore, it is not permissible for the client to use the authorization to also purchase unauthorized supplies, sporting goods, t-shirts, backpacks, etc. The items to be paid for by VR must be specifically stated on the service authorization and payment may be made only for those specified items.

Frequently asked question related to IPE and authorizations

“Since a service and provider is listed on the IPE can’t the IPE be considered the same as a prior written authorization since the counselor agreed to provide that service by that provider, vendor, school, retailer, etc.?” The short answer is no! The IPE is a plan of how a person is going to achieve their chosen vocational objective and it lists the services necessary to mitigate the individual’s barriers to employment, an approximation of the costs of those services, the intended provider of the service and how the service will be paid for if there is a direct cost. Because the IPE has such broad categories for services and the providers and costs change frequently, the IPE is truly only a plan. The prior written service authorization developed and printed out of KMIS is required to identify the specific service to be provided, e.g., type and numbers of clothing, the precise provider and the actual maximum amount we will pay for that item or service.

Regardless of much or how little the cost of a service, it requires a prior written authorization from KMIS for KRS to pay for that service or item. Regardless of the type of service or provider of the service listed on the IPE, it requires a prior written authorization from KMIS for KRS to pay for that service or item. The IPE is our plan to provide services, the service authorization from KMIS is our promise to pay for the exact service we are buying that will address our consumer’s barriers to employment. Both are important and both are required.

Please be sure you discuss the prior written service authorization with the client at the time of developing the IPE, and document this in the case file. It is incumbent upon us to help our consumers and those from whom we purchase services understand our fiscal requirements. Therefore, you may wish to show the client a generic example of a service authorization so they can see the difference between it and the IPE. You will also want to explain the services being purchased and the limitation of that purchase to the providers, vendors, retail establishments, etc. when you are preparing to send the service authorization to them as well. That is especially important for newer entities you might be using to provide a service.

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When issuing a service authorization, also be sure to attach the required cover sheets which further explains the authorizations process. The cover sheets can be found by scrolling to the bottom of the Resources page on our internal website at this link:

<http://dcfnet.dcf.ks.gov/RS/Pages/Resources.aspx>