# Vocational Rehabilitation Services Manual D-200: Purchasing Goods and Services

Revised January 15, 2021

## D-203: Purchasing Decisions

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### D-203-3: Comparable Services and Benefits

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#### Documenting Use of Comparable Services and Benefits

The exploration of and use and non-use of comparable services and benefits must be thoroughly documented in the customer's case file. This includes documentation in ReHabWorks (RHW):

* Case notes
* Service records
* IPE or IPE amendments
* Closure Services page.

Copies of documents related to approval or denial of comparable benefits must be filed in the customer's paper case file.

Substantial or supportive goods and services that are necessary for the customer to reach the identified employment goal and are arranged by a comparable benefit must be documented by an arranged service record in RHW. For additional information on creating service records, refer to [RUG Chapter 16: Case Service Record](https://intra.twc.texas.gov/intranet/manuals/rhwhelp/index.html). For additional information on planned services, refer to [VRSM B-504-5: Planned Services](https://twc.texas.gov/vr-services-manual/vrsm-b-500%22%20%5Cl%20%22b504-5).

#### Documenting Comparable Benefits in ReHabWorks

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### D-203-4: Customer Participation in the Cost of Services

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#### Determining the Customer's Requirement and Ability to Participate

To determine whether a customer must participate in the cost of services and his or her financial ability to do so, the VR counselor uses the following four-step procedure.

1. Determine whether the customer is required to participate in the cost of services

When determining whether the customer is required to participate in the cost of services, VR staff:

* + considers the monthly net income and liquid assets of the customer;
	+ considers the monthly net income and liquid assets of the customer's spouse (if applicable); and
	+ considers the monthly net income and liquid assets of the parent or legal guardian if the customer is claimed as a dependent for purposes of federal income taxes; and
	+ compares the total monthly net income and liquid assets BLR levels.

NOTE: When completing the Monthly Financial Information screen in RHW, the customer's net income must be entered in the Economic Resources section to get an accurate BLR calculation.

1. Obtain documented proof of the all income and expenses.

When an individual applies for services, the VR counselor requests documented proof of all:

* + income (excluding any payment in-kind, such as food stamps or housing subsidies);
	+ liquid assets (cash plus assets that are easily converted to cash);
	+ expenses; and/or
	+ any allowable additions to the BLR.

A customer who is eligible for Social Security disability benefits (SSI or SSDI) provides only proof of Social Security eligibility. The law exempts recipients of Social Security disability benefits from the requirement to participate in the cost of VR services regardless of income, so no additional proof of income or expenses is required.

1. Calculate the customer's contribution.

When the customer's liquid assets exceed the BLR level after including any allowable BLR additions, the customer must contribute an amount equal to the excess toward the cost of goods and services.

For each month in which VR pays for goods and/or services, the customer must contribute the difference between the customer's monthly net income and the BLR level after including any allowable BLR additions.

The customer's contribution must not exceed the cost of the good and/or service.

A customer whose net income or liquid assets is under the BLR is not required to contribute to their VR services. However, maximum amounts and rates published in the VRSM still apply.

For example:

The cost for a customer to attend a 4-year college or university may cost $7,000 for 15 credit hours. The VR tuition and fees maximum limit for 15 hours is $5,520. If the customer is under BLR, they will not be required to contribute toward the $5,520. However, the customer will be required to contribute to the remaining amount over the maximum limit which in this example is $1,480.

The total amount that the customer is required to pay must be received prior to any service authorization being issued. For more information refer to D-203-4: Customer Participation in the Cost of Services; Payments.

Note: Exceptions may be made to this policy as stated above in D-203-4: Customer Participation in the Cost of Services; Exception.

1. Review, periodically, the customer's proof of income and expenses.

At least annually, the VR counselor:

* + reviews the customer's income, liquid assets, and expenses; and
	+ documents the review results in a RHW case note.

If the customer's income, liquid assets, or expenses change significantly during the life of the case, the VR staff

* reassesses whether the customer must participate in the cost of services;
* documents proof of the changes (and, if documentation is not available, notes the reason in a case note);
* updates the financial information in RHW; and
* documents the reason for the change in the comment section of the financial information page at the time of the update (this will create a case note in RHW when the changes to the page are saved).

If the customer's IPE is developed before proof of income and expenses is received, the VR counselor does not include services that require the customer's participation in the cost (see list of service exempt from customer participate below).

When proof of income and expenses are received, the VR counselor amends the IPE as needed.

#### Types of Income, Liquid Assets, and Required Proof

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## D-204: The Purchasing Process

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### D-204-2: Backdated Service Authorizations

The purchase of goods and services must be authorized with a service authorization (SA) in RHW before the good or service is ordered or received. If an SA was not issued for a good or service before the date that the good was ordered or the service started, this is an after-the-fact backdated service authorization, which is referred to as a "backdated SA."

Example: An SA was not issued for a Supported Employment Benchmark that was reached yesterday.

All backdated SAs must be approved by the VR Supervisor, if being issued by a field office, or Regional Program Support Manager, if being issued by a regional Medical Services Coordinator (MSC) or Medical Services Technician (MST).

For documentation requirements for backdated service authorizations, refer to [VRSM E-300: Case Notes Requirements – After-the-Fact SA (Word)](https://twc.texas.gov/files/partners/vrsm-e-300.docx).

All backdated SAs are subject to consideration as a policy violation. However, when a delay of services may have endangered a customer's well-being, a backdated hospital or medical service SA may be issued with required approvals. See [C-701-4: Necessary, Unplanned Medical Services](https://twc.texas.gov/vr-services-manual/vrsm-c-700#c701-4) for additional information.

### D-204-3: After-the-Fact Ancillary Service Authorizations

An after-the-fact ancillary SA is one that is issued after a good or service has been provided, but that is directly related to an existing SA. Ancillary goods and services that are anticipated with a specific service must be included on the customer's IPE and the SA should be issued in advance to minimize the use of after-the-fact ancillary SAs. See [B-504-4: Planned Services, Ancillary Goods and Services](https://twc.texas.gov/vr-services-manual/vrsm-b-500#b504-4) for additional information.

Example: An SA was sent to a vendor for books. The customer picked up the books and an additional required book was purchased that was not on the SA. The VR staff paid for the books and a month later the vendor contacted VR for an SA for the additional book that was picked up.

All after-the-fact service ancillary authorizations must be approved by the VR Supervisor, if being issued by a field office, or Regional Program Support Manager, if being issued by a regional MSC or MST.

After-the-fact ancillary SAs are issued:

* when a service is unanticipated, arising from services previously authorized;
* because of complications from services previously authorized; or
* because additional services are needed to directly support an existing SA.

Before generating an after-the-fact ancillary SA, the VR staff must:

* justify the SA in a case note;
* include in the case note the SA number of the original SA;
* obtain the required approvals for the SA; and
* generate the after-the-fact ancillary SA and include in the comments section the original SA number.

After the start date of an existing SA, it may be necessary to:

* document unanticipated ancillary services (for example, pathology, radiology, and consultations); or
* document the change in the Comments section of the original SA, provided a change in services is not significant.

For documentation requirements for after-the-fact ancillary service authorizations, refer to [VRSM E-300: Case Notes Requirements – After-the-Fact SA (Word)](https://twc.texas.gov/files/partners/vrsm-e-300.docx).

For more information about revising an SA, see the [ReHabWorks User's Guide, Chapter 17: Case Purchase Order, 17.10 PO Change](https://intra.twc.texas.gov/intranet/manuals/rhwhelp/index.html).

For more information about requirements for maintaining printed copies of SAs in the paper casefile, see [D-202-1: Documentation Requirements](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d202-1).

### D-204-4: Replacement Service Authorizations

The specifications in a service authorization (SA) may change during the delivery of services. When this is necessary, it is an after-the-fact replacement service authorization, which is referred to as a replacement SA. Replacement SAs must be issued on the same business day that the original SA is closed. If they are not issued on the same business day, they must be processed as a backdated SA. See [D-204-2: Backdated Service Authorizations](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d204-2) for additional information.

Example: An SA was issued to a vendor for a psychological evaluation. After the billing was received, it was discovered that the SA should have been issued for a neuropsychological.

For documentation requirements for replacement service authorizations, refer to [VRSM E-300: Case Notes Requirements – After-the-Fact Replacement SA (Word)](https://twc.texas.gov/files/partners/vrsm-e-300.docx).

If a change is needed to services that are delivered by the same vendor (for example, if a change is needed to the MAPS codes), and approval by the VR Manager or state medical director was required on the initial SA, the same approvals must be obtained before issuing the replacement SA.

If a change is needed to services that are delivered by the same vendor (for example, if a change is needed to the MAPS codes), and approval was not required for the original SA or the new SA, then no additional approval is required.

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## D-205: Purchasing Threshold Requirements

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### D-205-3: Competitive Bids

Obtaining competitive bids ensures the agency is complying with applicable State purchasing requirements and Federal grant requirements.  We must  also apply best value purchasing principles, as outlined in [D-203-2: Best Value Purchasing](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d203-2), to the extent possible.

Services authorizations must not be split to avoid the requirement to obtain bids as this is a violation of State procurement requirements, Federal grant requirements, and purchasing ethics. Therefore, this is subject to corrective action and documentation in the Performance Improvement Plan section of the staff member's next Performance Planning Review.

**Competitive Bids Required**

Competitive bids are required for the purchase of:

* non-contracted goods and services when:
	+ the total cost of purchases from a single service provider or
	+ the total cost of a single service authorization (SA) is greater than $5,000;
* tuition and required fees greater than $5,000 per semester for training at an out of state or private training institution;
* room and board greater than $5,000 per semester when paid directly to a private or out of state training institution; and
* room and board greater than $5,000 per semester when paid to an off-campus housing facility, such as apartment complexes or other rental properties.

When competitive bids are required, these bids may be obtained by field staff and must be documented in a purchasing case note as cost comparisons in a RHW case note.   At a minimum, the bid documentation must include the:

* name, address, and phone number of the providers contacted; and
* details of the responses from providers, such as brand. make, model, description of good or service, and the prices quoted.

If a potential provider is contacted and is not able or willing to provide a bid (cost estimate), this is referred to as a "no bid"; include this in your documentation.

When the service authorization is generated by field staff for a purchase that requires a bid, RHW saves the SA as a draft. The generation of this draft SA alerts procurement staff, who will review the documentation in RHW to ensure compliance with policies and procedures for the specific purchase, including the documentation of the required bids and justification for the use of VR funds. If there are questions or concerns about the documentation, procurement staff will contact the issuer of the SA. Once procurement staff confirm that there is documentation of the required bids, the SA will be released, and field staff may proceed with the purchase. For additional information about draft SA's, refer to the ReHabWorks Users Guide.

#### Competitive Bids Not Required

Competitive bids are not required for the purchase of:

* goods and services when the total cost of a single SA is less than $5,000;
* goods and services when the total cost of all related purchases from a single service provider is less than $5,000;
* contracted goods and services;
* MAPS purchases;
* tuition and required fees for training at a public training institution in the state of Texas; and
* room and board for training when paid directly to a public training institution in Texas.

If the product or service is not under contract or is not a MAPS purchase, and the cost is less than $5,000, competitive bids are not required; this is referred to as a spot purchase.

Refer to [D-205-4: Exceptions to Purchasing Threshold Requirements](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d205-4) for a specific list of goods or services that are exempt from these threshold requirements.

### D-205-4: Exceptions to Purchasing Threshold Requirements

Purchasing threshold requirements are in addition to any other published policies and procedures for the purchase of specific goods and services. If a good or service is listed below as "exempt" from the purchasing threshold requirements in this section of the VRSM, staff must review other sections of the VRSM to ensure that they have complied with all processes and procedures before generating the service authorization.

The following purchases are exempted/excluded from the purchasing threshold requirements throughout [D-205: Purchasing Threshold Requirements](https://www.twc.state.tx.us/vr-services-manual/vrsm-d-200#d205):

* contracted hospital services;
* contracted durable medical equipment (DME);
* contracted orientation and mobility or diabetes education services;
* contracted hearing aids and related products;
* interpreter/CART services for students enrolled in training programs for longer than 30 days when paid to paid directly to the training institution or an appropriately contracted service provider;
* medical goods and services, including orthotics and prosthetics and low-vision devices, purchased using MAPS codes;
* tuition, required fees, and room and board for training when paid directly to a public training institution in the state of Texas (excludes room and board paid to other entities, such as apartment complexes and private training institutions);
* contracted vehicle modifications;
* contracted services, as established and described in the VR Standards for Providers manual; and
* all other contracted goods and services.

#### Multicustomer SAs

The purchasing threshold requirements in [D-205: Purchasing Threshold Requirements](https://www.twc.state.tx.us/vr-services-manual/vrsm-d-200#d205) do not apply to the total cost of a multicustomer service authorizations. However, threshold requirements do apply to multicustomer service authorizations when a per customer cost reaches one of the threshold amounts. When a per customer cost reaches one of the threshold amounts, including the $2,500 threshold for pre-purchase reviews, the purchase requires the same approvals and reviews as a single non-multicustomer SA would require.

For additional information about multicustomer SAs, refer to [D-213-5: Multicustomer Purchases](https://www.twc.state.tx.us/vr-services-manual/vrsm-d-200#d213-5).

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## D-209: Types of Purchases

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### D-209-1: Noncompetitive Purchases

Noncompetitive purchases are those purchases of goods and/or services from a single vendor that cost $5,000 or less. These purchases do not require competitive bids, but they must conform to the purchasing guidelines and principles stated in this chapter and in the applicable chapters of the VRSM and VR-SFP related to the good or service being purchased.

Purchases of goods and/or services from a single vendor that cost more than $5,000 must be competitively bid or approved as a proprietary or sole source purchase. For more information, refer to D-205-3: Competitive Bids and D-209-2: Proprietary and Sole Source Purchases.

Exceptions: Medical goods and services purchased using MAPS codes, contracted goods and services, and in-state public college/university tuition and fees do not require a competitive bid.

For information about obtaining required bids (for example, RHW bid requests), VR staff contacts the TWC Purchasing Team at consumer.procurement@twc.state.tx.us.

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### D-209-3: Contracted Goods and Services

When purchasing contracted goods and services, the VR counselor refers to the:

* [VR Standards for Providers](https://twc.texas.gov/partners/vocational-rehabilitation-standards-providers-manual); and
* [TWC Procurement and Contract Handbook](https://twcgov.sharepoint.com/sites/BusOPS/BusOpsIntra/PCSManualsHandbooks/TWC%20Procurement%20%26%20Contract%20Management%20Handbooks/TWC%20Procurement%20%26%20Contract%20Handbook.pdf).

Contract Administration staff members solicit and manage contracts for VR goods and services. Some goods and services must be purchased under contract. Before purchasing a good or service, staff members use RHW to find out whether a contract is required. When the service authorization (SA) is generated, RHW assigns the contract number based on the vendor and the type of purchase. Refer to [ReHabWorks User's Guide, Chapter 16: Case Service Record](https://intra.twc.texas.gov/intranet/manuals/rhwhelp/index.html) for more information about creating a service record.

Customer goods and services that are purchased under contract include, but are not limited to, the following:

* Employment assessments
* Orientation and Mobility services
* Hearing aids and related accessories
* Diabetes Self-Management Education services
* Durable medical equipment
* Assistive technology
* Supportive Residential Services for Persons in Recovery
* Work Readiness services
* Work Experience
* Pre-Employment Transition services
* Project SEARCH and similar programs
* Basic Employment services
* Supported Employment services
* Self-Employment services (including supported self-employment)
* Employment Supports for Brain Injury services
* Vehicle modifications
* Intensive Work Preparation and Life Skills Training

When purchasing an outcome-based contracted training service, such as Vocational Adjustment Training, the service is purchased no more than one time. When there is a significant change in circumstances that may justify an additional purchase of the same service, approval and completion of [VR3472, Contracted Service Modification Request](https://twc.texas.gov/forms/index.html), is required. Refer to [D-210-4: Completing VR3472, Contracted Service Modification Request](https://twc.texas.gov/vr-services-manual/vrsm-d-200#d210-4) for more information.

**Ensuring a Valid Contract**

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## D-212: Creating the Service Authorization

Any VR staff member with an appropriate RHW user role can create a service record and generate a service authorization (SA), or pay for a service, as long as the VR counselor or supervisor has documented the authorization for the purchase.

#### Mismatched Identification in Service Authorizations

If a customer has not legally changed his or her name but wishes to be identified by another name, the following statement must be put on the SA in the comment section.

Example: “Joe Smith is the customer’s legal name; however, the customer identifies as Jane Smith.”

### D-212-1: Creating the Service Record—The Program Year

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