



Hamilton

REVISED

CITY OF HAMILTON

**COMMUNITY SERVICES DEPARTMENT
Benefit Eligibility Division**

TO: Chair and Members Emergency & Community Services Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: November 1, 2012	
SUBJECT/REPORT NO: 2013 Proposed Discretionary Benefits Budget Options (CS12020(b)) (City Wide)	
SUBMITTED BY: Joe-Anne Priel General Manager Community Services Department	PREPARED BY: Erica Brimley (905)546-2424 Ext. 4815 Bill Atanas (905)546-2424 Ext. 2941
SIGNATURE:	

RECOMMENDATION

- (a) That OW and ODSP discretionary benefits be reduced to the levels required to operate within the provincial cost shared funding cap of \$10/case/month as detailed in Appendix A to Report CS12020(b);
- (b) That benefit levels for low income discretionary benefits be harmonized to the same levels as approved for OW and ODSP clients as outlined in Appendix B to Report CS12020(b);
- (c) That all 100% levy funded municipal savings from the harmonization of low income discretionary benefits be reinvested into the utility arrears program to mitigate the impact of the reduction of this benefit;
- (d) That the municipal savings associated with implementing the provincial cost shared-cap of \$10/case/month be reinvested into Prosthetic Devices (orthotics and orthopaedic footwear), Funerals, Employment Assistance and Utility Arrears benefits as outlined in Appendix A and Appendix B to Report CS12020(b) to mitigate the impact of the reductions in these benefits;

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- (e) That the General Manager of Community Services, or designate, be authorized to implement spending caps, benefit frequency limits or other controls necessary to ensure costs are contained within the approved budget amounts; and,
- (f) That the outstanding business item identified as "Funding options for discretionary benefits for OW and ODSP for 2013 budget", be considered complete and removed from the Outstanding Business List.

EXECUTIVE SUMMARY

In May of 2012, Council was informed that effective July 1, 2012, provincial funding for Ontario Works (OW) and the Ontario Disability Support Program (ODSP) discretionary benefits would be capped at \$10 per social assistance case. This resulted in a budget pressure of \$1,816,727 for 2012, and \$3,756,517 for 2013. Council directed staff to continue funding discretionary benefits for OW, ODSP and Low Income Program recipients until December 31, 2012, with funding from surpluses or reserves.

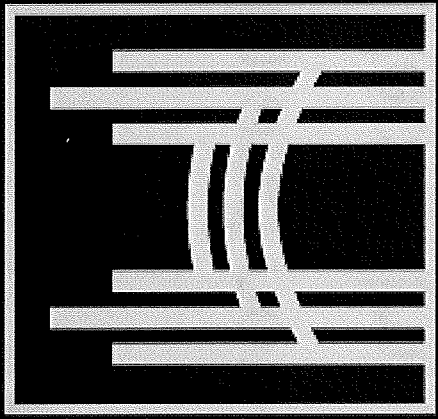
While discretionary benefits provide important and often essential assistance to citizens, it is recognized that municipalities do not have the capacity to independently fund social assistance programs without provincial assistance. Although the provincial government has suggested that municipalities could choose to maintain original service levels provided by these discretionary benefits and fund them through upload savings, the cost to do that would exceed the 2013 social assistance upload savings for the City of Hamilton. In addition, Hamilton faces the pressure of the loss of the provincial grant which is being offset by any uploading savings.

Recommendation (a) of Report CS12020(b) will allow the City to operate a significantly reduced discretionary benefit program with only cost-shared (82.8%/17.2%) funding. However, as these benefits are routinely the program of last resort for recipients to access essential health related benefits, this reduced level of benefits will result in significant impacts to residents compared to the current benefit levels. Reductions that are necessary to operate within this provincial cost-shared funding cap include very severe reductions in emergency dental benefits, utility arrears and funerals, as well as the elimination of a number of smaller benefit areas including orthotics & orthopaedic footwear, ~~hearing aid and battery co-payments~~, air conditioners, user-fees for Adult Day programs, infant layettes and transportation for domiciliary hostels and emergency shelter residents.

When the reductions required to operate within the \$10 cost-shared cap are implemented, these reductions will create a savings to both the province and the City at the same 82.8%/17.2 % cost-shared ratio. Municipal savings of approximately \$550,000 gross/net result.

<p>Previous Discretionary Benefits Schedule</p>	<p>Recommended Changes to 2013 Discretionary Benefits Schedule to achieve the \$10 cap <i>Recommendation A</i></p>	<p>Reinvestment of Municipal Funds in Discretionary Benefits <i>Recommendations C and D</i></p>	<p>Alternative for Consideration</p>
<p><u>Funerals and Burials</u></p> <ul style="list-style-type: none"> • Funding for Type A Immediate Service that includes consultation, documentation, registration, preparation, casket, and transportation. Expense cap of \$1,357.95 • Funding for Type B Full Service that includes Type A <i>plus</i> embalming, casket upgrade; 1 funeral home visitation and funeral home memorial service. Expense cap of \$2,695.29 • Burial or cremation: <ul style="list-style-type: none"> ○ burial capped at \$1000 (increasing to \$1300 in 2013*) ○ Cremation capped at \$391.97 (increasing to \$500 in 2013*) <p>Budget: \$279,550 gross/ \$48,083 net <i>**includes recoveries</i></p>	<p>Eliminate Type B Full Service</p> <p><u>Rationale</u> Type A Immediate Service provides the minimum level of service required.</p> <p>(Note that Type A Immediate Service does not include visitation or a funeral service)</p> <p><u>Cost Reduction</u> \$110,640 gross/\$19,030 net</p> <p>Budget = \$168,910 gross/ \$29,053 net <i>**includes recoveries</i></p>	<p>Reinstate Type B Full Service Funerals</p> <p><u>Rationale</u> This maintains the current level of service.</p> <p><u>Municipal Cost-Share Savings Reinvestment: OW/ODSP</u> \$144,532 gross/net</p> <p>Budget = \$313,442 gross/ \$173,584 net <i>**includes recoveries</i></p>	<p>None</p>

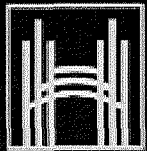
Previous Discretionary Benefits Schedule	Recommended Changes to 2013 Discretionary Benefits Schedule to achieve the \$10 cap <i>Recommendation A</i>	Reinvestment of Municipal Funds in Discretionary Benefits <i>Recommendations C and D</i>	Alternative for Consideration
<p><u>Prosthetic devices</u></p> <p>Orthotics and orthopaedic footwear (custom orthotics, orthopaedic footwear as well as custom footwear needed for severe medical requirements) within established expense caps</p> <p>Cost of hearing aids above the \$500 cap used by Ministry of Health and Long Term Care (MOHLTC) Assistive Device Program</p> <p>Hearing aid batteries and repairs</p> <p>Assistive Devices including bath aids, hospital beds, wheelchairs and walkers, rental mobility devices, braces, etc.)</p> <p>Budget: \$650,000 gross/ \$111,800 net</p>	<p>Eliminate orthotics and orthopaedic footwear</p> <p>Eliminate payments for hearing aids above the MOHLTC cap</p> <p><u>Rationale</u></p> <ul style="list-style-type: none"> Independent research shows inconclusive benefits from orthotics/orthopaedic footwear use for most users over-the-counter/non-custom products exist for less severe orthotic needs Hearing aid rates are set by the MOHLTC, who has determined that rates are adequate <p><u>Cost Reduction</u> \$457,880 gross/\$78,756 net</p> <p>Budget: \$192,120 gross/ \$33,044 net</p>	<p>Reinstate orthotics and orthopaedic footwear for the highest needs, such as severe foot deformities</p> <p><u>Rationale</u></p> <ul style="list-style-type: none"> This approach does address the most severe needs that are unable to be met with over-the-counter products. <p><u>Municipal Cost-Share Savings Reinvestment:</u> \$30,000 gross/net.</p> <p>Budget: \$222,120 gross/ \$63,044 net</p>	<p>Reinstate the current funding criteria for orthotic and orthopaedic footwear with the following controls</p> <ul style="list-style-type: none"> Reduce current cap for custom orthotics from \$400 to \$250 every two years; Retain current cap of \$150 for orthopaedic footwear every two years; Retain current cap of \$1500 for custom footwear for clients with severe deformities <p><u>Increment Cost</u> \$271,575 gross/net</p> <p>Budget: \$493,695 gross/ \$334,619 net</p>



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Discretionary Benefits

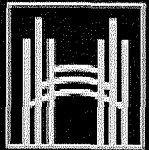
- Health and non-health supports
- Intended to improve quality of life
- Cost shared (OW/ODSP)
- 100% municipal (low income)



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Our Challenges

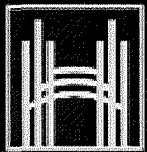
- July 2012: Province caps all discretionary benefits at \$10 per case
- Council directed funding continuation for rest of 2012
- **2013 budget pressure = \$3.7M**



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Key Considerations

- Health risks
- Alternative funding/ providers
- Low cost options
- # of recipients
- Minimum service level
- Key budget driver



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Recommendations (a) and (b)

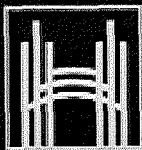
- **Operate under \$10 cap**

Reduced Benefit Level

- Emergency Adult Dental
- Prosthetics
- Funerals

Eliminated Benefits

- Layettes
- Air Conditioners
- Adult Day Program
- RCF Transportation
- Utility Arrears*
- Affordable Transit Pass*
- Employment Related*



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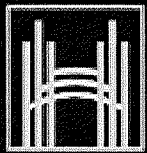
Recommendations (c) and (d)

Full Reinvestment of Municipal Savings

- \$452,537 harmonization savings
- \$549,627 cost-shared savings

Savings Invested In:

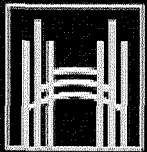
- Increased Dental cap
- Highest Need Orthotics
- Full Service Funerals
- Utility Arrears with extended cap



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Alternatives

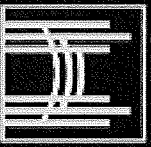
1. Increase Adult Emergency
Dental Benefits
2. Retain Orthotic/ Orthopaedic
Benefits with reduced cap
3. Maintain all Discretionary
Benefits at current levels



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Impact

- **City:**
 - Insufficient Provincial funding to meet current costs/needs of recipients
- **Recipients:**
 - Significant hardship; health risks



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Moving Forward

- Implementing controls:
 - Total spending caps
 - Waiting lists
 - Extended periods between claims
- Communications

