

CITY OF HAMILTON

COMMUNITY AND EMERGENCY SERVICES DEPARTMENT *Benefit Eligibility Division*

TO: Chair and Members Emergency and Community Services Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: November 25, 2013	
SUBJECT/REPORT NO: Update on Efforts to Mitigate Funding Pressure to Discretionary Benefits delivered by the Special Supports Program (CS13009(b)) (City Wide) (Outstanding Business List Item)	
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SIGNATURE:	

RECOMMENDATION

- (a) That health-related Discretionary Benefits for low income recipients be harmonized to the same levels as approved for Ontario Works (OW) and Ontario Disability Support Program (ODSP) clients;
- (b) That employment-related Discretionary Benefits for vocational training, psychological assessments and transportation be transferred from the Benefit Eligibility Division's Special Support program budget to the Employment and Income Support Division budget;
- (c) That housing-related Discretionary Benefits program and administration for utility arrears, appliance repairs, and transportation for residential care facility residents be transferred from the Benefit Eligibility Division's Special Support program budget to the Housing Services Division budget,

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- (d) That the outstanding business item identified as “Measures taken to contain Discretionary Benefit costs in 2013 and recommendations for the 2014 budget,” be removed from the outstanding business list.

EXECUTIVE SUMMARY

Discretionary Benefits include funding for health and non-health items such as: emergency adult dental services, dentures, vision care for adults, mobility aids, orthotics, cribs and baby supplies, transportation assistance, hearing aids, funerals and burials/cremations. These items are available to qualifying social assistance (Ontario Works and Ontario Disability Support Program) recipients and, in the City of Hamilton, they are also available to qualifying low-income residents. Discretionary Benefits in Hamilton are administered through the Special Supports program in the Benefit Eligibility Division of the Community and Emergency Services Department.

Effective July 2012, provincial funding for Discretionary Benefits was capped at \$10 per social assistance case. Prior to July 2012, funding for non-health related Discretionary Benefits was capped at \$8.75 per social assistance case and there was no cap on funding for health-related discretionary benefits. The change in funding formula resulted in a funding pressure for the City of Hamilton of \$1,816,727 for 2012, and \$3,756,517 for 2013.

On May 13, 2013, staff presented Report CS13009(a) to the Emergency and Community Services Committee that outlined a number of measures that were currently underway and a number of opportunities that were being investigated in an effort to contain Discretionary Benefit costs. At that time, Committee approved a recommendation for additional one-time municipal funding up to \$258,138 from Community Services Departmental surplus, Social Services Initiative Reserve, or any combination thereof, to maintain levels for Discretionary Benefits for the period of July 1 to December 31, 2013. Staff committed to report back with the results of efforts to contain costs and recommendations for the 2014 budget.

This report provides an update on the following measures that have been taken and those that are currently being considered or recommended to address the funding pressure while maintaining service levels:

- Changes to the Emergency Adult Dental and Denture Benefits Fee Schedules and approval processes;
- Implementation of an electronic Discretionary Benefit Tracking tool;
- Tendering for orthotics and dentures;
- Collaborating with Adult Day Program service providers and communicating with the Local Health Integration Network;
- Exploration of alternative emergency dental service delivery;

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- Transferring housing and employment-related benefits from the Benefit Eligibility Division's Special Supports program to the Housing Services Division and Employment and Income Support (E&IS) Division, respectively, to properly align benefits within budgets that are designed to meet similar needs; and,
- Collaboration with the Hamilton Poverty Roundtable.

As a result of these efforts, the pressure to Benefit Eligibility Division's Special Support program budget for Discretionary Benefits has been eliminated. Beginning in 2014, the Special Supports program will operate within the provincial funding cap of \$10 per social assistance case for Discretionary Benefits and no additional municipal dollars beyond the existing municipal contribution will be required .

Appendix A attached to Report CS13009(b) compares the Discretionary Benefits provided by the Special Supports program in 2012 to what will be provided in 2014 as well as a summary of the changes made within each benefit in order for the program to operate within the provincial funding cap:

Alternatives for Consideration – see page 9

FINANCIAL / STAFFING / LEGAL IMPLICATIONS
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Financial:

Provincial funding in the amount of \$3,469,970 (based on a monthly caseload of 32,637) will be required to deliver Discretionary Benefits in 2014 at the capped rate of \$10 per social assistance case. At this caseload rate, there will be no increase in net levy funding.

It is worth noting that the municipal share for the cost of benefits is being gradually uploaded by the Province; by 2018 there will be no municipal share and any uploaded savings will be corporately distributed. The chart below compares the 2014 budget to the 2012 and 2013:

2012 Discretionary Benefits Program cost-sharing before the provincial changes

	Provincial Share	Municipal Share	Other Funding	Total Cost
OW & ODSP	\$6,691,412	\$1,186,990	\$200,948	\$8,079,350
Low Income	\$0	\$987,190	\$314,962	\$1,302,152
Total	\$6,691,412	\$2,174,180	\$515,910	\$9,381,502

Proposed 2014 Discretionary Benefits Program

	Provincial Share	Municipal Share	Municipal Reinvestment	Total Cost
Benefit Eligibility - OW & ODSP	\$3,360,310	\$655,600		\$4,015,910
Benefit Eligibility - Low Income	\$0	\$945,210	\$0	\$945,210
Employment & Income Support	\$127,810	\$0	\$284,810	\$412,620
Housing Services*	\$0	\$0	\$252,100	\$252,100
Total	\$3,488,120	\$1,600,810	\$536,910	\$5,625,840

*excludes Utility Arrears

Staffing:

One (1) FTE will be transferred to Housing Services Division from Benefit Eligibility Division's Special Support program as part of the transfer of the Utility Arrears benefit.

Legal:

There are no legal implications associated with Report CS13009(b).

HISTORICAL BACKGROUND

Discretionary Benefits are issued at the discretion of the municipality as determined by the Ontario Works Act 1997 as well as internal City of Hamilton policies and procedures. The Act defines the types of health-related and non-health related Discretionary Benefits that can be provided. The municipality determines the specific benefits, the amounts of benefits, and the frequency they are provided.

Prior to the changes announced in the 2012 Provincial budget, provincial cost-sharing for Discretionary Benefits was capped at \$8.75 per case/month for non-health related items and there was no cap on health related Discretionary Benefits. The 2012 Provincial budget announced a change to the funding formula capping the combined non-health and health related Discretionary Benefits at \$10 per case/month effective July 1, 2012. This change resulted in a funding pressure for the City of Hamilton in the amount of \$3,756,517 for 2013.

On February 14, 2013, staff reported to the General Issues Committee that efforts would be taken over the months leading up to June 2013 to develop strategies to control Discretionary Benefit costs and identify options for potential cost reductions while maintaining service levels. Specifically, staff committed to:

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- Implementing an improved tracking and monitoring system;
- Reviewing bulk tendering for benefits;
- Meeting with comparator municipalities to identify opportunities to contain costs;
- Entering into discussions with the Local Health Integration Network (LHIN) regarding the funding shortfall for the Adult Day Program;
- Reviewing processes to ensure that dental costs are controlled; and,
- Reviewing other cost effective means to provide dental services.

On May 13, 2013, staff presented Report CS13009(a) to the Emergency and Community Services Committee (E&CS) that provided an update on efforts to contain Discretionary Benefit costs and outlined other opportunities that staff were investigating to further reduce costs while maintaining services levels. Committee and Council supported a recommendation for additional one-time municipal funding up to \$258,138 from Community Services Departmental surplus, Social Services Initiative reserve, or any combination thereof, to maintain benefit levels for the remainder of 2013 and directed staff to report back to the E&CS Committee with an update regarding measures taken to contain costs in 2013 and recommendations for the 2014 budget.

POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS
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None

RELEVANT CONSULTATION

The following groups were consulted in the development of this report and the formulation of the recommendations;

- The Corporate Services Department, Finance and Administration and Special Projects Division, and Financial Planning and Policy Division were consulted regarding the financial information in the report;
- Public Health Services, Clinical and Preventive Services were consulted and support changes to the Emergency Adult dental and denture fee schedules;
- Community stakeholders including service providers (e.g. adult day program providers) were in support of the changes; and,
- Comparable municipalities were consulted to determine what types and levels of services are included in their discretionary benefits.

ANALYSIS / RATIONALE FOR RECOMMENDATION

Update on Measures Taken to Control Discretionary Benefit Costs:

Changes to Emergency Dental Benefits Fee Schedule and Approval Process

Effective January 1, 2013, the fee schedule used for Adult Emergency Dental Services provided to OW adults, ODSP dependant adults and low-income adult residents was harmonized with the fee schedule used by the Province for services provided to ODSP adults and OW children. Effective June 1, 2013, staff modified the emergency dental benefit fee schedule to limit funding for white fillings versus silver fillings for back teeth.

These changes resulted in significant savings in the first six months of 2013. The average cost per recipient during the time period of January to June 2012 was \$623. In the same time period in 2013, the average cost per recipient was \$410, a savings of \$213 per recipient.

In addition to these changes, beginning in January 2014, Public Health staff who administer adult emergency dental benefits will begin preauthorizing benefit provision and requesting treatment plans for a clinical review prior to treatment. This will ensure that expenditures are controlled as well as ensuring that treatment is consistent with a sound plan for long-term dental health.

Changes to the Denture Benefit Fee Schedule and Approval Process

In June 2013, staff changed the fee schedule and approval process for denture benefits. The new fee schedule limits funding for single dentures. Previously, the City provided up to \$617 for upper dentures and \$759 for lower dentures (for a total of \$1,376), if approved separately. The City also provided funding for a combination fee (upper and lower) at \$963. Effective June 1st, 2013, the fee for single upper dentures is \$453 and \$510 for single lower dentures. These changes align the fees for single dentures with the combination fee of \$963. Also, effective June 1, 2013, Public Health staff who administer emergency dental benefits began administering denture benefits as well. Prior to June 1, 2013, Discretionary Benefit staff administered denture benefits. With Public Health staff administering benefits, requests for dentures will now be clinically reviewed similar to emergency dental benefits, ensuring that they are consistent with a sound plan for long-term dental health.

It is too soon to determine the specific impact that this will have on denture benefit expenditures, however, savings are expected.

Implementation of a Discretionary Benefit Tracking Tool

To effectively control costs going forward, staff have developed an electronic system to track and monitor all Discretionary Benefits. The system tracks benefit-specific expenditures and commitments and is designed to provide staff enhanced, up-to-the-

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minute data to better manage the budget. Implementation is being phased in gradually throughout 2013 to allow for staff training and testing of the system.

Interviews with Comparable Municipalities

Interviews with comparable municipalities revealed that methods to control the costs of discretionary benefits included imposing spending caps on specific benefits, capping spending on the total annual amount of benefits per recipient, and/or ensuring more intense review of benefit requests. Locally, staff have chosen to impose specific benefit caps together with reviewing benefit requests. This approach is reflected in the measures that have been planned or taken to mitigate the funding pressure.

Update on Other Opportunities to Further Control Discretionary Benefit Costs:

Tendering

Staff have explored developing requests for tenders for the supply of orthotics and dentures. In 2012, the amount spent on orthotics was approximately \$560,368 and the amount spent on dentures was approximately \$665,714. While having these benefits provided by a single or select group of providers reduces client choice and may have an impact on local businesses that provide such services, tendering is an opportunity to realize savings while maintaining service levels.

Staff is developing a tender for orthotics in partnership with Toronto, Brantford and York Region to leverage purchasing power. It is expected that this process will be completed by March 2014. Staff is also exploring partnering with Toronto on tendering for other medical supplies in an effort to realize additional savings.

Regarding dentures, staff have not yet developed a request for tender. Public Health staff have just begun clinically reviewing all requests for denture benefits and it is expected that this experience will better inform the specifications for a request for tender.

Collaborating with Adult Day Program service providers and Communicating with the Local Health Integration Network

Currently, the city subsidizes the user fees for qualifying participants in Adult Day Programs that provide group activities for seniors or adults with disabilities, keeping them connected to their community. In 2012, the amount spent on this benefit was \$212,754. It is worth noting that no other comparable municipality provides this type of subsidy.

To explore ways to mitigate these costs, staff met with a representative from the Hamilton Niagara Haldimand Brant Local Health Integration Network (HNHB LHIN). Unfortunately, no additional funding is available. In order to mitigate costs, staff reduced the benefit from 5 days to 2 days per week per participant for new applicants with the same reduction for existing participants coming into effect in January 2014. Staff are

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currently working with service providers to determine if changes can be made to programming so that participants are not negatively impacted.

Exploration of Alternative Emergency Dental Service Delivery

Staff have explored alternative delivery methods for adult emergency dental services including having all adult emergency dental services delivered by a City-run dental clinic and having benefits and claims administered by a third-party provider. One of the comparable municipalities offered emergency dental services via municipally-run dental clinics and four municipalities utilize a third-party provider to administer benefits for a fee typically around 5% of the total amount of claims.

Analysis of setting up a City-run dental clinic reveals that it is cost-prohibitive. The up-front costs to set up a dental clinic would be approximately \$2,268,880 and annual operating costs are estimated to be \$3,812,928. In 2013, the city is anticipating spending \$1,851,750 on emergency adult dental benefit expenses for OW and ODSP dependant adults, considerably less than the estimated annual operating cost of a City-run dental clinic.

In 2012, the cost for Public Health staff to administer claims as a percentage of the total cost of claims was approximately 4%. This cost is comparable to the average percentage charged by third party providers. And, having claims administered in-house has the added benefit of being able to perform clinical reviews of claims, ensuring that work done is the most cost-effective and clinically-sound.

Transferring Housing- and Employment-Related Benefits

When interviewing staff from the City of Windsor, it was discovered that they had transferred all housing- and employment- related benefits from Discretionary Benefits to existing housing and employment budgets in an effort to properly align benefits within budgets designed to meet similar needs. By having like-benefits aligned within budgets, program evaluation and decision making is more efficient and the ability to set priorities and reallocate dollars to better meet specific needs is improved. In Hamilton, a number of key benefits are recommended for transfer.

Utility arrears, transportation for residential care facility residents, and appliance repairs will be transferred to the Housing Services Division. Vocational training, psychological assessments for employment case planning, and transportation for employment activities are being transferred to the Employment and Income Support (E&IS) Division. These transfers will result in a reduction to the Special Support budget (\$2,067,780). It is important to note that the appropriate levy funding for these benefits is also moved to the Housing and E&IS Division budgets resulting in no budget pressures.

Update on Collaboration with the Hamilton Poverty Roundtable

As previously stated, Discretionary Benefits are issued for health-related as well as non-health-related reasons. In May 2013, staff reported that they are working with the Hamilton Poverty Roundtable Health Benefits Subcommittee to develop a proposal for universal supplementary benefits to address such needs as health. This work is ongoing. Staff continue to meet with and support the Roundtable and the Health Benefits Subcommittee to develop a proposal for universal health benefits for low-income residents and social assistance recipients.

ALTERNATIVES FOR CONSIDERATION

None

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.

1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

2.3 Enhance customer service satisfaction.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.

3.4 Enhance opportunities for administrative and operational efficiencies.

APPENDICES / SCHEDULES

Appendix “A” to Report CS13009(b) - Discretionary Benefits provided by the Special Supports (2012 and 2014)

Discretionary Benefits provided by the Special Supports (2012 and 2014)

2012 Benefits	2014 Benefits	Summary of Changes
Adult Emergency Dental	Adult Emergency Dental	Adult Emergency Dental aligned with Provincial fee guide for ODSP recipients, children and ODSP dependent adults. Benefits for white fillings for back teeth reduced to the same fee as silver.
Hearing Aids, Batteries and Repairs	Hearing Aids, Batteries and Repairs	Portion of expenditures now charged to mandatory benefits for Ontario Works recipients.
Dentures, Repairs/Relines	Dentures, Repairs/Relines	Denture benefits for single (upper <u>or</u> lower) now aligned with those for combined (upper <u>and</u> lower) rate.
Adult Day Program user fee subsidy	Adult Day Program user fee subsidy	User fees subsidized for 2 days vs. 5 days/week.
Housing-related (including Utility Arrears, RCF Resident Transportation, and Appliance Repairs)	Transferred to Housing Services division	No change
Employment-related (including Vocational Training, Transportation, and Assessments)	Transferred to Employment & Income Support division	No change
Affordable Transit Pass		Removed Affordable Transit Pass from Discretionary Benefits (Refer to Council Report #CS13050 dated November 25, 2013).
Funeral Service, Burials and Cremations	Funeral Service, Burials and Cremations	No change
Prosthetics (including custom orthotics/footwear, bath aids, aerochambers, fabric braces and supports, hospital beds, limbs, non-ADP wheelchairs and walkers, etc.)	Prosthetics (including custom orthotics/footwear, bath aids, aerochambers, fabric braces and supports, hospital beds, limbs, non-ADP wheelchairs and walkers, etc.)	No change
Air Conditioners	Air Conditioners	No change

2012 Benefits	2014 Benefits	Summary of Changes
(medically required)	(medically required)	
Vision Care	Vision Care	No change
Personal Emergency Response Alarms	Personal Emergency Response Alarms	No change
Medical Supplies such as diabetic, surgical, ostomy, etc.	Medical Supplies such as diabetic, surgical, ostomy, etc.	No change
Child-related (including Layettes, Cribs and Mattresses, Car Seats and Lice Shampoo, infant formula)	Child-related (including Layettes, Cribs and Mattresses, Car Seats and Lice Shampoo)	No change