

Legislative
Assembly
of Ontario



Assemblée
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de l'Ontario

STANDING COMMITTEE ON PUBLIC ACCOUNTS

PUBLIC ACCOUNTS COMMITTEE BEST PRACTICE: ASSISTIVE DEVICES PROGRAM

(Section 3.01, 2009 Annual Report of the Auditor General of Ontario)

2nd Session, 39th Parliament
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The Honourable Steve Peters, MPP
Speaker of the Legislative Assembly

Sir,

Your Standing Committee on Public Accounts has the honour to present its Report and commends it to the House.

Norman W. Sterling, MPP
Chair

Queen's Park
May 2011



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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2nd Session, 39th Parliament

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STANDING COMMITTEE ON PUBLIC ACCOUNTS
LIST OF CHANGES TO COMMITTEE MEMBERSHIP

MARIA VAN BOMMEL was replaced by WAYNE ARTHURS on September 22, 2010.

INTRODUCTION

The Standing Committee on Public Accounts held hearings on the Auditor General's value-for-money audit of the Assistive Devices Program (section 3.01 of the Auditor's *2009 Annual Report*) in March 2010. Senior officials from the Ministry of Health and Long-Term Care (Ministry) participated in the hearings. At the end of the hearings, the Committee concluded that the Ministry had made disappointing progress on implementing the Auditor's recommendations and questioned the business model used to deliver the Assistive Devices Program (ADP). The Committee initiated a multi-step follow-up process that resulted in a second round of hearings on the ADP and established a role for the Auditor in assisting with follow-up on areas of Committee concern. At the second round of hearings, the Ministry reported that it had initiated a number of changes that have already resulted in substantial savings. The Committee believes its process worked well and that it should be recorded as a best practice for future Committee work.

Assistive Devices Program

The Ministry said that the primary objective of the ADP is to provide financial assistance for Ontario residents with long-term physical difficulties in obtaining personalized assistive devices and supplies that enable them to function more independently. A key Ministry goal is for people to have affordable access in their communities to dependable, high-quality services, supported by qualified vendors and health care professionals, while still ensuring value-for-money.

The Auditor noted that the Ministry sets prices for assistive devices such as computer systems to allow the device suppliers a mark-up of approximately 33%. He said, however, that the prices the Ministry sets for these assistive devices often give vendors a much higher mark-up and noted a number of instances of over a 100% mark-up. He added that the Ministry was not being adequately vigilant in following up on potential abuses in the ADP. Based on these and other findings, the Auditor concluded that the ADP program could be run more cost effectively.

COMMITTEE PROCESS

March 2010 Hearings and Letter from Chair

At the end of the first round of hearings on the ADP in March 2010, the Committee requested that the Chair write to the Ministry. The Chair subsequently sent a letter to the Deputy Minister of Health and Long-Term Care questioning the business model being used to deliver the ADP. He also expressed concern, on behalf of the Committee, over the Ministry's

- failure to capture volume discounts;
- lack of customer-service monitoring;
- lack of inter-jurisdictional price comparisons;

- excessively high price for provision of home oxygen concentrators;
- reluctance to undertake comprehensive recycling of all types of wheelchairs; and
- need for appropriate staffing levels to minimize the potential for program abuse and achieve savings.

November 2010 Hearings and Committee Report

The Committee requested that the Ministry return in November 2010 for a second round of hearings so that the Ministry could inform the Committee of its progress in addressing issues highlighted in the Chair's letter.

Ministry Undertook Major Changes that Resulted in Savings

During the November hearings the Ministry demonstrated that it had undertaken major changes since the March hearings in response to issues raised by both the Committee and the Auditor. The Committee noted that those changes had resulted in savings of several million dollars. They included the following:

- **Computer Pricing:** the Ministry acknowledged that its pricing of computer systems was often higher than market prices and changed its computer pricing model, reducing maximum prices the Ministry would pay for desktop and laptop computer systems. The reduction resulted in over \$2.2 million in annual savings by the time of the hearings and benefited ADP clients by lowering the cost of their proportional (25%) computer system cost share.
- **Home Oxygen Pricing:** the Ministry noted that a new vendor of record (VOR) arrangement, including a new pricing schedule, funding model changes and improved mandatory services for ADP home oxygen clients took effect on April 1, 2010. The new VOR resulted in home oxygen funding decreases and overall program savings by the time of the hearings of over \$2 million per year. A Ministry jurisdictional review indicated that with the new pricing schedule and funding model changes, Ontario's cost for a 90-day home oxygen funding period was very close to that of Saskatchewan and Alberta.
- **FM Hearing Systems:** the Ministry noted that its work on developing updated and more detailed eligibility criteria and its review of claims have resulted in a decrease of over 80% in claims for the more costly FM hearing system which clients do not need. The reduction of claims for FM systems could result in savings of several million dollars per year.
- **Over Payments and Duplicate Payments:** during the hearings the Ministry said that since November 2009 it had collected \$1.147 million in overpayments and \$103,000 in duplicate payments for a total of over \$1.2 million.

Ongoing Committee Concerns

While acknowledging Ministry achievements cited above, the Committee expressed continued concern over lack of progress in some areas of the ADP. In its 2011 report, the Committee addressed two recommendations to the Ministry and one to the Auditor.

Recommendations Addressed to the Ministry

- **Wheelchair Recycling:** the Committee recommended that the Ministry report back on its initiatives to investigate wheelchair recycling possibilities and to comment on whether it will introduce a manual wheelchair recycling program in Ontario, specifying any potential cost benefits and environmental benefits.
- **Cross-jurisdictional Price Comparisons and Publishing Data on Claims Processing Backlog and Timeframe:** the Committee recommended that the Ministry commit itself for all categories of major assistive devices, to conducting periodic cross-jurisdictional price comparisons, that it submit the results of those cross-jurisdictional price comparisons to the Auditor, and that it annually publish data on its target timeframe for processing claims as compared to its actual time to process claims.

Recommendation Addressed to the Auditor General

The Committee requested the Auditor's help in following up on Committee recommendations to the Ministry.

Auditor's Follow-Up on Value-For-Money Audits

In his value-for-money audits, the Auditor makes recommendations directed at the relevant ministry/agency or organization in the broader public sector and asks them to provide a written response to each recommendation. Two years after publication of an audit, the Auditor follows up on the status of actions taken by management with respect to his recommendations and publishes the results in his annual report for that year.

Role Established for Auditor in Committee Follow-Up

In its recommendation addressed to the Auditor, the Committee requested that when the Auditor returns to the Ministry of Health and Long-Term Care in 2011 to follow up on the status of actions taken by the Ministry with regard to his recommendations concerning the Assistive Devices Program, that the Auditor should also follow up on behalf of the Committee on concerns raised in the Committee report. These Committee concerns focused on the following areas: volume discounts, inter-jurisdictional price comparisons, the IT system, the claims backlog, and increased auditing and evaluation of vendors.

COMMITTEE BEST PRACTICE FOR HEARINGS AND FOLLOW-UP

The Committee requests that the Committee Clerk keep a record of the following Committee best practice for hearings and follow-up and in future, make the Committee aware of it when appropriate. This best practice applies in those cases where the Committee has determined during initial hearings that it is not satisfied with progress achieved by a ministry/agency/public sector organization in implementing the Auditor's recommendations and involves the following steps:

- **Write a letter to the audited ministry/agency/public sector organization:** after the first round of hearings the Committee Chair should send a letter on behalf of the Committee outlining areas of Committee concern and notifying the audited ministry/agency/public sector organization that it may be requested to attend a second round of hearings.
- **Hold a second round of hearings:** the Committee should consider inviting the audited ministry/agency/public sector organization to a second round of hearings. The Committee should determine during those hearings whether the audited ministry/agency/public sector organization has successfully addressed concerns outlined in the Committee letter.
- **Address Committee recommendations to audited ministry/agency/public sector organization:** after the second round of hearings the Committee should consider issuing a report with recommendations addressed to the audited ministry/agency/public sector organization on actions required to address areas of ongoing Committee concern.
- **Address Committee recommendation to Auditor to assist in follow-up:** if the Committee report is issued prior to the Auditor's return to the ministry/agency/public sector organization to follow up on the status of actions taken with regard to his recommendations, the Committee should consider whether to request that during that follow up work that the Auditor simultaneously follow up on behalf of the Committee on concerns listed in the Committee report.