

Chapter 4

Section 4.08

Ministry of Health and Long-Term Care

Ontario Health Insurance Plan

Follow-up on VFM Section 3.08, *2006 Annual Report*

Background

The Ministry of Health and Long-Term Care (Ministry) works to provide all Ontario residents with a readily accessible, publicly funded, and accountable health-care system. The Ontario Health Insurance Plan (OHIP) is a key vehicle for delivering on this objective. For the 2007/08 fiscal year, the Ministry paid more than \$9.8 billion (\$8.3 billion in 2005/06) for insured services. In order to access provincial health-care services at no personal cost, Ontario residents must have a valid health card. There are close to 13 million active OHIP health cards in circulation.

In our *2006 Annual Report*, we concluded that while controls and procedures were generally adequate to ensure that claims were paid accurately, they did not effectively mitigate the risk that people who were not entitled to OHIP services could receive medical care free of charge or that health-care providers could be paid for inappropriate billings. Some of our specific concerns were:

- In 1995, the Ministry began gradually to replace the older red-and-white health cards with new photo cards containing additional security features. This project was to have been completed by 2000, but at the current rate of conversion, it would take at least

another 14 years to phase out the old cards and verify the eligibility of all cardholders. Our data analysis indicated that there were approximately 300,000 more health cards in circulation than there were people in Ontario.

- Few resources had been devoted to monitoring health-card usage to identify areas that would warrant review or investigation. We identified thousands of cases where cardholders submitted medical claims from every region of the province within a short period of time, and instances where service-provider billings appeared excessive. We also questioned why the Ministry's Fraud Program Branch did not have a mandate to conduct fraud audits or investigate suspected fraud cases.
- In 2004, the Ministry had suspended the activities of the Medical Review Committee, which reviewed cases where physicians may have filed inappropriate claims. As a result, we estimated that the Ministry may have lost the opportunity to recover as much as \$17 million, since all outstanding reviews were cancelled at the time of the suspension and the Ministry had not initiated an audit review process for suspicious cases since that time.
- Physician licensing information was not being updated properly. We identified 725 unlicensed physicians who could still submit

claims, with 40 of them having billed and received full payment from the Ministry after their licences had expired.

- We found weaknesses in the procedures used to review rejected claims and in systems designed to verify claims and protect the confidential records of cardholders and service providers in the Ministry's computer databases.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

Current Status of Recommendations

On the basis of information we obtained from the Ministry of Health and Long-Term Care, we concluded that the Ministry has taken some action on almost all of our recommendations, and has made significant progress in addressing several of them. For others, more work will be required to fully address them.

HEALTH CARDS

Conversion of Red-and-white Cards to Photo Health Cards, and Number of Health Cards in Circulation

Recommendation 1

To ensure that publicly funded health services are provided only to eligible individuals, the Ministry of Health and Long-Term Care should expedite the conversion of the pre-1995 red-and-white Ontario Health Insurance Plan (OHIP) cards to the current OHIP photo cards in order to properly verify the eligibility of these health-card holders.

Current Status

In our *2006 Annual Report*, we noted that the conversion rate had dropped from its high of approxi-

mately 800,000 conversions in the 1997/98 fiscal year to about 400,000 annually in 2006, and that, at that rate, it would take at least another 14 years to phase out entirely the remaining 5.7 million red-and-white cards. In our current follow-up, the Ministry advised us that it has increased its efforts at phasing out these older cards and has reduced the total number of cards in circulation by 1.1 million cards over the past two years. This reduction includes cancellations as well as conversions, so the actual conversion rate is still considerably lower than it was in the late 1990s. However, if the current pace of conversions and cancellations is maintained, all of the old red-and-white cards will be completely phased out by about 2016, or about eight years from now.

In 2006, we also noted that, at the time of our audit, there were approximately 305,000 more health cards in circulation than the estimated total population of Ontario at that time. During our follow-up, the Ministry advised us that through an ongoing data integrity initiative, approximately 440,000 red-and-white cards had been cancelled where the Ministry had evidence that the cardholders were not living in Ontario. As of March 31, 2008, the Ministry reported having 12.7 million valid and active health-card holders in its records, while Statistics Canada's most recent population estimate for Ontario was 12.9 million.

We had further noted in our *2006 Annual Report* that approximately 86% of the 305,000 extra health cards were in circulation in the Toronto area, and that there appeared to be an extra 10,000 cards in regions bordering the United States, including the Algoma district, Essex County, Thunder Bay, and Rainy River. In our current follow-up, the Ministry informed us that it had been focusing its conversion efforts in these communities and, while 64% of Ontarians now have a photo health card, over 80% of the residents of Thunder Bay and Fort Francis (Rainy River) now have these newer cards. A project is also underway to convert an additional 68,000 red-and-white-card holders in the Toronto area.

Beginning in April 2008, responsibility for the health-card registration process was transferred to ServiceOntario. Accordingly, the health-card conversion project is now the responsibility of the Ministry of Government Services.

Health-card Monitoring

Recommendation 2

To identify potential ineligible use of publicly funded health services, the Ministry of Health and Long-Term Care should:

- *Review the mandate of its Fraud Program Branch, with a view to expanding the range of its activities to include OHIP-usage monitoring and fraud investigations;*
- *consider expanding its monitoring activities to identify potentially suspicious individual health-card usage; and*
- *resolve the outstanding backlog and follow up on potentially ineligible cases in a consistent, rigorous, and timely manner.*

Current Status

The Ministry informed us that it has expanded the mandate of the Fraud Program Branch (Branch) to establish a centralized approach for identifying fraud and fraud-related activity. The new mandate of the Branch includes analyzing ministry claims payments for potential indicators of fraudulent activity and reviewing all fraud-related cases prior to any referral to the Health Fraud Investigations Unit of the Ontario Provincial Police. Three analysts have been seconded to the Branch, and the Ministry indicated that, as of August 2008, the Branch had received 295 potential fraud case files for review and had referred 196 of these cases to the police.

In our *2006 Annual Report*, we expressed our concern that, as of October 2005, the Ministry had a backlog of over 7,000 client eligibility assessments awaiting review, and over 90% of these cases were over six months old. In our current follow-up, the Ministry informed us that it has introduced a new triage process that allows for a faster preliminary

review of client eligibility assessments to determine if there is enough evidence to proceed with a full eligibility assessment. In addition, it implemented a pilot project in which cancellation notices were sent to clients undergoing eligibility assessment whose photo health cards had expired. As of July 2008, the Ministry, working with ServiceOntario, reported having completed the work on and having closed some 4,500 of these 7,000 backlogged cases. The Ministry estimates that the remaining backlogged cases will be completed by December 2008.

Authentication of Citizenship Documents, Application Processing, and Special Registration

Recommendation 3

To better ensure that health cards are issued only to eligible individuals, the Ministry of Health and Long-Term Care should:

- *follow up, in a timely manner, on outstanding cases in which the authentication of citizenship documents resulted in unmatched differences;*
- *consider expanding the scope of the electronic authentication program to other commonly used citizenship documents, such as the Canadian passport and the Canadian citizenship card;*
- *reconcile health-card applications received to processed transactions, and randomly perform supervisory checks matching system data to application and supporting documents;*
- *ensure that all agencies assisting homeless individuals to obtain health cards have valid agreements with the Ministry and obtain proof of applicants' eligibility for publicly funded health-care services; and*
- *verify the authenticity of providers who sign photo/signature exemption forms.*

Current Status

The Ministry informed us that it had completed a detailed review of the outstanding cases requiring authentication of citizenship documents. This review found, among other things, a systems

problem that was overstating the number of unmatched differences. In April 2008, the Ministry implemented the first part of a system change to correct these overstatements, which reduced the number of false mismatches by 35%. Mainly because of this system improvement, the Ministry reported that, as of August 2008, the backlog of unmatched cases with Citizenship and Immigration Canada stood at 102,000—down by some 48,000 from the backlog of over 150,000 cases we noted in our *2006 Annual Report*. The Ministry expects additional system changes scheduled for implementation later in fall 2008 to further reduce the number of false mismatches.

The Ministry also hired a consultant to analyze its business processes for validating documents and assessing eligibility. The consultant's report presented several options for improving the health-card registration process and outlined a 17-point action plan for implementing the recommended option. At the time of our follow-up, the Ministry was studying these proposals.

With respect to expanding the scope of the electronic document validation program with Citizenship and Immigration Canada (CIC) to include other commonly used citizenship documents, the Ministry informed us that this proposal has been discussed with CIC. While CIC was not able to consider this item at this time, owing to other commitments, it remains open to considering this proposal in the future. The Ministry intends to follow up on this matter in 2009 in conjunction with the extension of the current Ministry/CIC agreement. The Ministry continues to have discussions with Passport Canada about a number of mutual business interests, and sharing of information will be discussed when business requirements are reconfirmed as a result of the transfer of services to ServiceOntario.

With respect to application processing issues, the Ministry hired another consulting firm to complete a risk assessment on the systems and procedures used in the health-card registration and

verification processes. The consultant's report made 16 recommendations to address those risks the consultant concluded were not yet effectively mitigated. The recommendations included segregating incompatible functions and improving training practices and staff monitoring. As well, the Ministry should consider streaming transactions by type so that routine transactions, such as renewals and information changes, could be processed by less experienced staff while complex transactions could be scrutinized carefully by more senior staff. The Ministry was reviewing the feasibility and assessing the costs and benefits of these recommendations when the delivery of Health Card Registration services was transferred to ServiceOntario in April 2008. Because several of the recommendations relate to processes that are now being managed by the Ministry of Government Services, at the time of our follow-up, it was not known how many of the consultant's recommendations would eventually be implemented.

With respect to our recommendation to improve controls over its arrangements with agencies that assist homeless individuals, we were advised that the Ministry believes the risks in this area are minimal and that tighter controls would therefore not provide sufficient benefits to justify their costs.

In its original response to our *2006 Annual Report*, the Ministry indicated it would review the requirements that would allow for the validation of the billing number for physicians who sign the photo and signature exemption forms. We understand that the Ministry continues to assess the results of that review.

Protection of Personal Health Records

Recommendation 4

To better protect confidential personal health records from unauthorized access and data tampering, the Ministry of Health and Long-Term Care should:

- *ensure that proper approvals are obtained before establishing or changing user-group access profiles;*

- enforce the requirement for periodic reviews for unwarranted system access at the district offices;
- strengthen the effectiveness of the existing security review process and monitoring tools;
- implement more rigorous security features to control access to the Claims Correction System; and
- restrict security administration duties to qualified staff.

Current Status

The Ministry informed us that, around the time of our 2006 Annual Report, it put additional controls in place to make managers more accountable for the review and maintenance of their staff's system-access rights. In July 2006, it also initiated a more thorough review of its access-control policies and procedures. The report resulting from this review, completed in May 2007, included a number of recommendations for improving access controls, such as improving the overall governance framework, developing asset classifications, establishing standards for such activities as the packaging and transmission of confidential data, improving procedures to ensure compliance with privacy legislation, and improving compliance reporting to management. The Ministry informed us that the highest priority recommendations are scheduled to be implemented by the fall of 2008.

HEALTH-CARE PROVIDERS

Provider Monitoring and Control

Recommendation 5

To help reduce the risk of inappropriate billing from health-care providers and to identify and recover overpayments from such cases, the Ministry of Health and Long-Term Care should implement an effective audit process as soon as possible.

Current Status

The Ministry advised us that it has introduced a revised physician audit process, and that legislative changes required to implement these revisions were passed in fall 2007. The new audit process, which we were informed has the support of the Ontario Medical Association (OMA), includes four components: education, payment review, review by a new board, and an appeal process. The new process places primary emphasis on educating medical practitioners to follow correct billing practices in the first place, and provides new mechanisms for practitioners to respond to ministry concerns about their billings.

A new Physician Payment Review Board independent of the Ministry is being established to conduct hearings to give both a physician and the Ministry the opportunity to resolve a claims dispute. The board will have from 26 to 40 members, 10 to 15 of whom will be physicians nominated by the OMA, 10 to 15 physicians nominated by the Ministry, and six to 10 members of the public. A new Joint Committee on the Schedule of Benefits has also been established. This committee of physicians—half of whom are OMA members—will provide, upon written request from either the Ministry or a physician, interpretations of specific provisions of the schedule of benefits. It will also have the authority to publish, maintain, and amend a list of circumstances under which the Ministry may adjust physician claims.

Educational activities with respect to the new process have been ongoing. For example, the Ministry and the OMA now jointly issue interpretive bulletins providing general advice and guidance to physicians on specific billing practices. The Ministry informed us that it has distributed 18,000 individual billing profiles to physicians as part of its efforts to provide one-on-one education. Appointments to the new Joint Committee on the Schedule of Benefits were made in May 2008. However, appointments to the new Physician Payment Review Board had not yet been made at the time of our follow-up, although positions had been advertised and some

applications were being processed. Until these appointments are made, the arrangements that were in place at the time of our 2006 audit—with the Transitional Physician Audit Panel in place to act as a temporary appeal body—remain in effect.

Provider Registration, and Provider Information Updates

Recommendation 6

To ensure that medical claims are paid only to licensed providers and that the public is protected, the Ministry of Health and Long-Term Care should work more closely with all professional governing bodies to ensure that all provider records are updated in a timely manner.

Current Status

The Ministry advised us that it has established an enhanced data feed from the College of Physicians and Surgeons of Ontario (CPSO), which we understand now includes all physician licence expirations, not just those resulting from suspensions. The CPSO has been sending this enhanced data feed to the Ministry on a weekly basis since early September 2006.

Protection of Provider Records

Recommendation 7

To better protect confidential provider records from unauthorized access and data tampering, the Ministry of Health and Long-Term Care should:

- *develop proper documentation for all user-group profiles and maintain all system-access approvals to ensure that all access rights are maintained on a need-to-know basis; and*
- *enforce regular review of access privileges to the Provider Registry System so that only necessary privileges are maintained.*

Current Status

The Ministry informed us that, in June 2006, it developed a database to capture all authorization information regarding access to the Provider

Registry System. Reports containing all of this information are now produced quarterly for management review to ensure the ongoing eligibility of authorized profiles and to help in the identification of required updates to the approved authorization levels. Also, as indicated earlier under Recommendation 4, the Ministry initiated a review of its access control policies in July 2006. This review covered access to both the Client Registry System and the Provider Registry System. The Ministry informed us that the recommendations pertaining to the Provider Registry System have been implemented.

MEDICAL CLAIMS PROCESSING

Recommendation 8

To help ensure that all valid medical claims are processed accurately, the Ministry of Health and Long-Term Care should:

- *implement all new medical rules and corrections in a timely manner;*
- *develop guidelines and procedures to assist district staff in making consistent and appropriate decisions on overriding rejected medical claims, and review a sample of overridden transactions on an ongoing basis to ensure consistency and compliance with the guidelines developed;*
- *establish procedures to reconcile the number and dollar amounts of paper claims; and*
- *strengthen the security controls over the data entry system for paper claims to ensure that system access is appropriately restricted.*

Current Status

With respect to the implementation of medical rules, the Ministry indicated that the most recently negotiated Physician Services Agreement was very complex and has challenged the aging architecture of the claims payment system. In June 2007, it completed a feasibility study identifying technical solutions to improve the claims system's ability to apply medical rules by introducing a business rules management system (BRMS). Although the potential benefits of a BRMS include a faster response

to changing business requirements—which could address our concern about the timeliness of the implementation of new medical rules—the feasibility study also cautions that BRMS technology is at an early stage, with no agreed-upon best practices for designing the rule sets that would govern the resulting system. Accordingly, the Ministry is still reviewing this study to determine next steps. It has also indicated that in future negotiations with physicians it will devote attention to ensuring that there is sufficient technical capacity to support the implementation of the negotiated elements of the agreement.

With respect to the processes for overriding rejected claims, the Ministry indicated it has been updating its manuals and guidelines to inform staff of the proper procedures for overriding rejected claims, and that more training sessions for claims

assessment staff and more regular monitoring by program managers are being instituted.

The Ministry further provided us with a description of planned system changes to address our findings regarding reconciliations and security controls over paper claims. The Ministry plans to implement a new paper claims process, along with systems changes to allow for three new reconciliations that will enhance processing completeness and accuracy: a reconciliation of the number of paper claims processed in a batch, a reconciliation of the total dollar value of paper claims processed within a batch, and a reconciliation of the fees claimed with those paid. No implementation date has yet been established for this project, and the Ministry informed us that this timeline may be affected by pending negotiations with the OMA.