Ministry of Health and Long-Term Care

Assistive Devices Program

1.0 Summary

The Assistive Devices Program (Program) under the Ministry of Health and Long-Term Care (Ministry) provides financial assistance for Ontario residents with long-term physical disabilities to purchase basic assistive devices. (Long-term is defined as six months or longer, with the exception of the need for home oxygen, which is 90 days or longer.) The Program funds approximately 8,000 assistive devices within 19 device categories, such as mobility devices, hearing aids, home oxygen, respiratory devices, insulin pumps and supplies, prostheses, orthotics and visual and communication aids.

Initial access to the Program is often made through a medical specialist or general practitioner who confirms a diagnosis of a client's long-term disability. A qualified healthcare professional (registered with the Ministry as an authorizer) then performs an assessment and prescribes a device that is appropriate for the client's needs. A person or business (registered with the Ministry as a vendor) then sells the appropriate device to the client. In some cases, the Ministry pays the full amount of the device; in other cases, the client must pay a portion of the purchase price.

Any Ontario resident with a valid Ontario health card and long-term physical disability is eligible to apply for funding assistance through the Program, which is not based on the applicant's income or financial situation. In 2017/18, the Ministry provided approximately $514 million through the Program to help purchase devices for over 400,000 Ontario residents. This represents an increase of about 48% in the number of Program clients and expenditures over the last 10 years. Since the Program is discretionary (meaning that Program expenditure is based on usage and not subject to a budget limit), it is expected to continue growing given the aging population, with approximately 60% of Program clients in 2017/18 being over the age of 65.

Subsequent to our last audit of the Program in 2009, the Ministry has enhanced its service delivery, mainly by improving claim processing times after implementing a new information system in 2011. However, several areas relating to oversight and device pricing need improvement. The Ministry is not doing enough to ensure that it is only paying for eligible claims: its oversight of vendors and authorizers is not adequate to ensure that vendors are only being paid for devices actually appropriate to the clients' needs and charged at prices allowed under Program policies.

Some of our significant findings include:

- **Ministry consistently and significantly overpaid vendors for ineligible claims, yet it reduced its oversight staff.** Our 2009 audit recommended the Ministry increase its oversight efforts and resources to monitor

vendors' and authorizers' compliance with Program policies. However, the Ministry reduced the number of compliance staff from three to two, who are responsible for conducting sample-based reviews on over 400,000 claims a year that could come from any of the approximately 1,200 vendors and 5,700 authorizers registered with the Ministry. In 2017/18, the Ministry conducted a review of 32 vendors, representing only about 2% of all vendors that received payments from the Ministry in the year. This reduction in oversight staff was done despite the fact that, between 2010/11 and 2017/18, the Ministry conducted reviews on 235 vendors and found that almost 99% of them had submitted ineligible claims, resulting in the Ministry recovering over $10 million in overpayments.

- **No regular follow-up reviews of vendors known to have submitted ineligible claims**. While the Ministry has made significant recoveries from its reviews of this sample of 235 vendors, it has rarely performed follow-up reviews in subsequent years to ensure that vendors have corrected issues identified in the review. For example, a vendor of mobility devices was found to have submitted ineligible claims and repaid the Ministry approximately $250,000 in 2015/16, but since then, the Ministry has not followed up on this vendor, which continued to submit claims and received a total of approximately $5.8 million in 2016/17 and 2017/18.
- **Limited staff training to detect possible misconduct or fraud**. Our review of training for Program staff over the last three years found that the Ministry has not provided sufficient fraud and risk-management training, a concern that had also been raised in our 2009 audit. During our 2011 follow-up, the Ministry informed us that it had provided risk management and fraud awareness training sessions in September 2010, and that it would offer ongoing training opportunities. However, we only identified one fraud training session in the last three years: a November 2015 session that was limited to discussion about one specific fraud case.
- **Ministry recovered almost nothing from vendors involved in suspected abuse of the Program**. Over the eight years following our 2009 audit, the Ministry referred 13 vendors suspected of abusing the Program to the Ontario Provincial Police. These cases involved suspected collusion and conflict of interest between vendors and authorizers, and vendors selling clients devices they were not eligible for or did not need. Nine of these cases were withdrawn, meaning that no convictions were made, mainly due to a low prospect of conviction. While the Ministry terminated these vendors' registration in most cases, it was only able to recover $1,000 (or 0.02%) out of the almost $5.5 million it estimated it had paid these vendors for ineligible claims.
- **Home oxygen clients may be referred to specific vendors due to contractual relationship between vendor and hospitals**. There are 13 joint ventures in the home oxygen device category. Each joint venture includes a hospital and a home oxygen vendor (which is the same for all 13 joint ventures), with each party sharing the profits. Due to the profit-sharing structure, there appears to be a conflict of interest as each hospital has an incentive to refer its clients to the single home oxygen vendor. Our analysis showed that Program payments to the joint ventures has increased from $15 million in 2012/13 to over $26 million in 2017/18, representing a 70% increase even though the total number of home oxygen clients only increased by about 30%. While the Ministry no longer permits new joint ventures to be set up, it continues to allow the existing 13 to operate. It also allows vendors to enter into preferred vendor agreements with hospitals

and long-term-care homes, as long as there is no financial relationship between the two parties. There are currently over 600 preferred vendor agreements in the home oxygen device category.

- **Device pricing reviews not conducted consistently and effectively**. The Ministry aims to conduct pricing reviews of all device categories within a three-year cycle. However, we found that supporting documents related to the cost of devices (such as proof of retail prices) were missing for some pricing reviews. Also, while the Ministry identified variations in retail prices charged for similar device models, it did not adjust Program-approved prices to reflect such differences. For example, the Ministry identified one continuous positive airway pressure (CPAP) device with a retail price below $400 but kept the Program-approved price for all CPAP devices at $860. This results in the Ministry paying more than it needs to for certain device models.
- **No monitoring of reasonableness of mark-ups and fees charged by vendors**. Our review of a sample of manufacturer and vendor invoices found varying mark-ups from vendor to vendor, with some vendors having mark-ups that exceeded 200%. One of the main reasons for this was that some vendors were able to benefit from lower manufacturer costs as a result of obtaining volume discounts from the manufacturers, but these discounts were not subsequently passed on to the Ministry and clients. For hearing aids, we found instances where vendors were charging clients up to $1,000 (or about 60%) more per hearing aid than the manufacturer cost even though Program policy requires hearing aids to be sold by vendors at the manufacturer cost. This results in clients paying more for devices than what Program policy allows.
- **No changes to pricing and funding criteria despite significant increase in continuous positive airway pressure (CPAP) devices funded by the Program and concerns about compliance with CPAP therapy**. CPAP devices are worn at night by individuals who have obstructive sleep apnea syndrome, which is a sleep disorder. In the last five years (from 2013/14 to 2017/18), the number of CPAP devices funded by the Program has increased by about 50% (from about 43,000 to 64,000). Due to this significant growth, in 2016 the Ministry reviewed funding criteria for CPAP devices to ensure that funding was provided to those who needed it most. The review noted that, overall, CPAP clients are better off financially than other Program clients and do not always use their devices as required. Despite these concerns, the Ministry has not changed its funding criteria. We also found that eligibility for government financial assistance for CPAP devices varies by province and Ontario is one of only three provinces that provide co-payment coverage for CPAP devices. The other two are Manitoba and Saskatchewan, both of which have changed their funding approaches in 2018 and 2017 respectively and require individuals to pay more out of pocket for CPAP devices than Ontario does.
- **Ministry paying for resale of used devices for which it already paid**. The Ministry requires vendors of certain devices to include serial numbers of devices on invoices to ensure it is not paying for used or returned devices, which is against Program policies. Although the Ministry's information system has a data field for serial numbers, it is not set up to check, before paying a claim, whether a required serial number has been entered, or whether a serial number has already been used in another claim. Our review of claim data for 2017/18 identified a number of cases where serial numbers were either missing or duplicated. For example, almost 2,300 claims with a total value of about $1.5 million were

approved and paid for by the Ministry despite having duplicate serial numbers. As well, over 7,500 claims did not have serial numbers as required by the Program; in particular, approximately 80% of communication and visual aid claims that required a serial number did not have one entered into the system. The Ministry does not regularly review claim data to identify and follow up on all instances of missing or duplicate serial numbers.

- **Overpayments for deceased clients identified by system but not always reviewed.** While the Ministry's information system allowed Program staff to run a report that identifies all instances where a payment was made after a client died, Program staff did not regularly run this report and follow up on all instances to identify and recover overpayments. Doing so could result in significant recoveries; for example, between 2012/13 and 2017/18, the Ministry recovered about $500,000 from one home oxygen vendor that had been paid for clients after they had died. If the Ministry had not conducted a sample-based review of this vendor, this $500,000 overpayment might never have been refunded.
- **Ministry still only accepts hardcopy claims from vendors, resulting in unnecessary delays for clients and potential errors.** The Ministry's information system, implemented almost eight years ago at a cost of about $7 million, can be updated to allow Program staff to accept claim submissions electronically. However, at the time of our audit, the Ministry still only accepted claims through the mail. While the Ministry began work in 2018 on changes to its computer system to allow vendors to submit claims electronically, this work—which requires system updates and testing, stakeholder engagement and training—is not scheduled to be fully completed until mid-2020, about nine years after the system was put in place.
- **Clients wait for devices while the Ministry takes more than eight weeks to process almost half of all claims.** The Ministry has set an eight-week target for processing claims, meaning that within eight weeks of receiving a claim from a vendor, it will mail notification to the vendor whether it accepts the claim. While the average processing time for claims has improved over the last five years, our review of 2017/18 claim data found that approximately 46% of claims took longer than eight weeks to process. We also found that the average claim processing time varied significantly by device category, with the ventilator equipment category being the shortest at about five days and mobility devices being the longest at almost nine weeks.
- **Ministry measures client satisfaction but survey methodology needs improvement.** The Ministry engaged a third party in 2018 at a cost of approximately $50,000 to conduct a client satisfaction survey. While the results showed that 94% of clients were satisfied with their devices, the results may not be representative due to shortcomings in the survey method. We noted that the number of surveys sent did not reflect the claim volume or value of each device category. Even though mobility devices accounted for almost 12 times more clients and 40 times higher claim payments than those in visual aids, the same number of surveys (about 150) was sent to clients in each of these categories. We also noted that the survey was sent to approximately 2,500 clients (out of over 400,000 clients in 2017/18), with 850 clients responding, representing only about 0.2% of all clients in the year.

Overall Conclusion

Overall, the Program under the Ministry does not have fully effective systems and procedures in place to meet the needs of Ontarians with long-term physical disabilities in an efficient and cost-effective

manner, and in compliance with applicable Program policies. Specifically, prices charged by vendors were not fully monitored to ensure their reasonableness and compliance with Program policies, resulting in significantly high mark-ups and a wide variation of mark-ups from vendor to vendor. As well, not all device pricing reviews were conducted consistently and appropriately. In addition, oversight efforts and activities were not sufficient to identify non-compliance, and often not completed on a timely basis and not documented adequately. Proactive and rigorous actions were also not always undertaken to detect and deter potential misuses and abuses of the Program.

While the Ministry implemented a new information system in 2011 to improve claim processing time and claim data reporting, it has not fully addressed some of the Program's needs effectively. For example, important features (such as electronic claim submission to replace paper-based claim processing) are still missing, not fully utilized or not yet functional even though the system has been in place for almost eight years.

Further, the Ministry has measured the effectiveness of the Program in meeting its objectives through tracking claim processing times and conducting client satisfaction surveys, but it has not publicly reported the results.

This report contains 10 recommendations, consisting of 18 actions, to address our audit findings.

OVERALL RESPONSE FROM MINISTRY

The Ministry of Health and Long-Term Care (Ministry) appreciates the work of the Auditor General and welcomes the advice on how to improve the Assistive Devices Program (Program). We acknowledge the recommendations and are committed to ensuring they are reflected in our actions to strengthen accountability, oversight, value for money and operational excellence and to leverage information technology in our Program delivery. The recommendations within this report, in a number of instances, build upon the continuous improvements of the Program, including enhancing our audit and verification ability to address inappropriate or potentially fraudulent claims and moving to more electronic streamlined approval processes.

The Ministry recognizes there are further opportunities to increase value for the Program by building on current efforts to review, monitor and update pricing; detect and deter potential misuses and abuses of Program funding; and leverage technology to ensure the Program is meeting its objectives.

2.0 Background

The Assistive Devices Program (Program) under the Ministry of Health and Long-Term Care (Ministry) provides financial assistance for Ontario residents with long-term physical disabilities to purchase basic assistive devices. The intention of the Program is to enable Ontarians with physical disabilities to increase their independence through access to assistive devices responsive to their individual needs.

Eligibility for funding assistance through the Program is not linked to income. To be eligible, an individual must, at a minimum:

- be a permanent resident of Ontario;
- have a valid Ontario health number;
- have a long-term physical disability requiring the use of a device for a minimum of six months, except home oxygen which must be required for a minimum of 90 days; and
- not require a device exclusively for education, employment or recreational purposes.

In 2017/18, the Program provided approximately $514 million in financial assistance for over 400,000 Ontario residents to acquire the devices they needed. As a discretionary program, Program expenditure is based on usage and not subject to a budget limit. This means that as the number of

clients and devices being claimed increases, so do Program expenditures.

The three key parties involved in the delivery of the Program include the Ministry, the authorizer (a healthcare professional who assesses a client's need for an assistive device) and the vendor (an individual or business that sells assistive devices to clients). **Figure 1** describes each of these key parties.

2.1 Device Categories Covered under the Program

The Program provides financial assistance for about 8,000 assistive devices that fall within 19 device categories, which include mobility (such as wheelchairs), home oxygen, respiratory (such as continuous positive airway pressure or CPAP devices), hearing, communication and visual aids. **Appendix 1** provides a summary of device categories, examples of devices in each category, and possible reasons or medical conditions for clients requiring such devices.

2.2 Steps to Access the Program

There are nine steps involved in a client obtaining an assistive device under the Program:

1. ***Client is diagnosed:*** The client obtains a diagnosis or confirmation of long-term physical disability from a medical specialist or general practitioner.
2. ***Authorizer confirms client's eligibility:*** The client connects with an authorizer registered with the Ministry for the device(s) required. The authorizer assesses the client for eligibility and specific device needs, and completes the authorizer section of the Program application form, which is a paper document. The authorizer then provides the client with the application form and, according to Program policy, a list of Ministry-registered vendors that sell the required device(s).
3. ***Client selects a device(s) with a vendor:*** The client visits a vendor registered with the Ministry to select a device(s) that meets his or her needs as noted by the authorizer. The client gives the vendor the application form on which the authorizer has completed the authorization section.
4. ***Vendor submits the application form to the Ministry:*** The vendor completes the application form and mails or couriers it to the Ministry. The application form does not contain specific information (such as make, model or serial number) about the actual device the vendor is proposing to provide the client.
5. ***Ministry staff enter data into the computer system:*** Data entry staff enter the information from the hardcopy form received from the vendor by mail into the Program's computer system.
6. ***Ministry staff assess the application and notify the vendor:*** If the application form is complete, the Ministry notifies the vendor by mail, and requests the vendor to provide specific information on the device(s), such as the price, quantity, make and model. If the form is missing required information, the Ministry notifies the vendor by mail that more information is needed. The Program's target is to process all applications (specifically, to send notification to the vendor whether the claim has been approved) within eight weeks.
7. ***Vendor submits device-specific information:*** The vendor provides specific information on the device(s) being sold on its invoice submitted electronically to the Ministry's finance department.
8. ***Ministry pays the vendor:*** The Ministry's finance department issues payment to the vendor, usually electronically but sometimes, in the case of small vendors, by cheque sent in the mail.
9. ***Client pays his or her portion of the device price, if applicable, and receives the device:*** In many cases, the client is responsible for paying 25% of the Program-approved price of the device (see **Figure 2**). Upon paying this,

Figure 1: Key Parties Involved in the Assistive Devices Program

Prepared by the Office of the Auditor General of Ontario

Ministry of Health and Long-Term Care (Ministry)

- processes claims received and conducts compliance and verification work on claims that it has approved
- registers authorizers who are healthcare professionals performing assessments on clients
- registers vendors that sell devices to clients whose claims are approved
- reviews the pricing of all device categories within a three-year cycle to determine and update Program-approved prices
- has approximately 49 full-time-equivalent direct operational staff working on the Program[1]

Authorizer	Vendor	Client

• is a healthcare professional registered with the Ministry to perform assessments on clients who apply for funding assistance from the Program. Examples of authorizers include:
  ◦ audiologist
  ◦ occupational therapist
  ◦ optometrist
  ◦ orthotist prosthetist
  ◦ physiotherapist
  ◦ registered nurse
  ◦ speech-language pathologist
  ◦ specialist teacher of the blind
• works in hospitals, home-care agencies, clinics and private practices.
• is not paid by the Program, but may receive payment from sources such as OHIP, the client's private insurance or the client directly.
• In 2017/18, there were approximately 5,700 authorizers registered with the Ministry.
	• is a person or organization registered with the Ministry to sell devices to clients for claims approved by the Ministry.
	• receives payment from the Program for devices sold to clients. In many cases, the client also pays a portion of the purchase price.
	• In 2017/18, there were approximately 1,200 vendors registered with the Ministry that were operating in 1,900 locations.
		• must meet the following eligibility criteria, at a minimum:
		  ◦ be a permanent resident of Ontario;
		  ◦ have a valid Ontario health number;
		  ◦ have a long-term physical disability requiring the use of a device for a minimum of six months, except home oxygen which must be required for a minimum of 90 days; and
		  ◦ not require a device exclusively for education, employment or recreational purposes.
		• is eligible to receive 75% coverage of the Program-approved price and responsible for paying the remaining 25% for most device categories.[2]

1. See **Figure 5** for organization chart of the Program.
2. See **Figure 2** for details on different funding methods for assistive devices.

the vendor provides the device to the client. Note: In some cases, vendors, judging that the Ministry will approve the claim, agree to provide the client with the device before approval or payment has been made by the Ministry. In other cases, they may provide the client with a loaner device until approval is received. This is entirely at the vendor's discretion.

2.3 Program Funding and Expenditures

The Ministry funds different types of devices in various ways. **Figure 2** provides a general overview of how funding works for different device categories.

Figure 3 shows that Program expenditures and the number of clients receiving devices have been growing over the last 10 years. From 2008/09 to 2017/18, Program expenditures have increased by approximately 48% (from about $347 million to about $514 million). During the same period, the number of Program clients has increased by over 47% (from about 275,000 to about 405,000) while the Ontario population has only increased by about 10% (from about 12.9 million in 2008 to 14.2 million in 2017). With approximately 60% of Program clients in 2017/18 over the age of 65, the Program is expected to continue growing as a result of the aging population.

Figure 4 provides a breakdown of Program expenditures (about $514 million in 2017/18) by device category. Approximately 75% of Program expenditures were in the mobility, home oxygen, hearing and respiratory device categories in 2017/18, about the same at the time of our last audit in 2009.

Figure 2: Funding Methods for Assistive Devices

Prepared by the Office of the Auditor General of Ontario

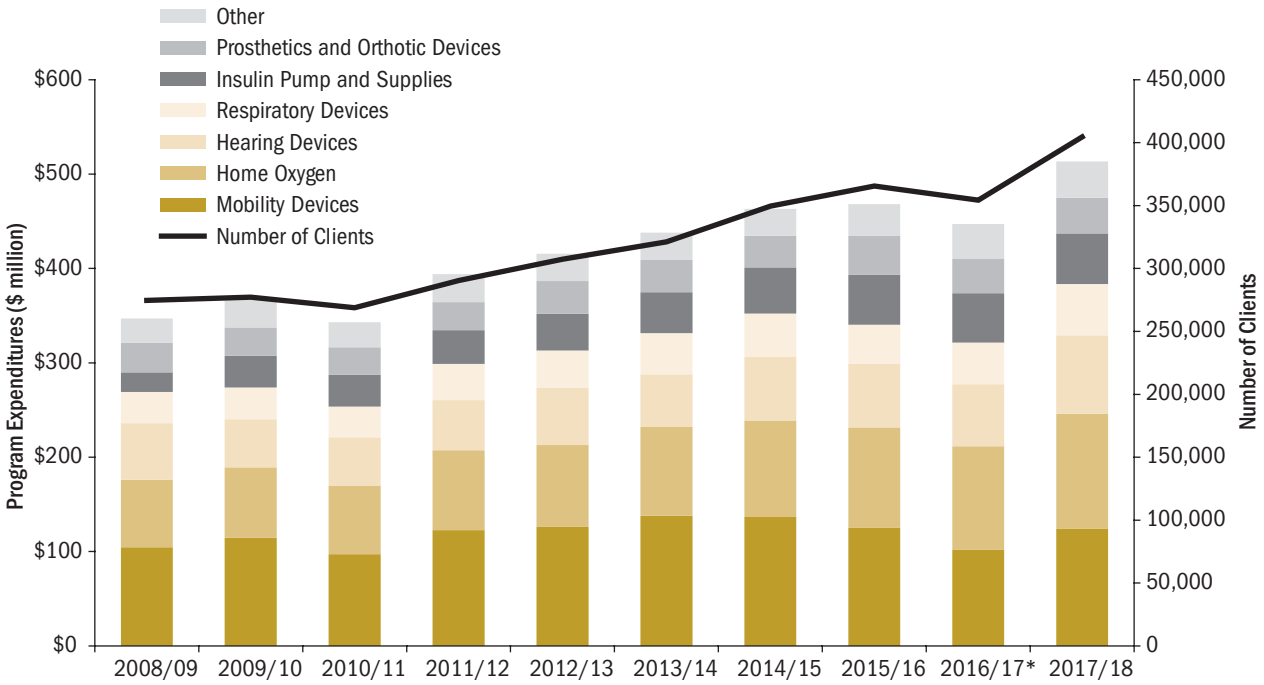
Funding Method	Description	Examples of Devices*
Fixed Price Limit	• The Ministry sets a price limit that the vendor can charge for each device. The vendor is not allowed to sell a device for more than the price limit. • The Ministry pays 75% of the price limit to the vendor directly, with the client responsible for paying the remaining 25%.	• Mobility devices • Respiratory devices • Communication aids
Maximum Contribution	• The Ministry sets a maximum price up to which a device will be funded. The vendor is allowed to charge more. • The Ministry pays 75% of the maximum price to the vendor directly, with the client responsible for paying the difference between the price charged by the vendor and the Ministry's maximum contribution.	• Hearing aids • Visual aids
Monthly Flat Rate	• The Ministry sets a monthly flat rate for devices and related supplies. • The Ministry pays 100% of the rate to the vendor directly for seniors 65 years of age or older and for individuals who are on social assistance, residing in a long-term-care facility or receiving home-care services; and 75% for all others.	• Home oxygen
Fixed Financial Assistance	• The Ministry sets a fixed amount for devices and related supplies. • The Ministry pays the amount directly to the client for purchasing the devices and related supplies.	• Ostomy supplies • Enteral feeding pump and supplies

Note: For clients on social assistance, the Ministry pays 100% of the Program-approved amount for the device, and recovers 25% from the Ministry of Community and Social Services, which administers social assistance programs.

* Some devices within a device category may be subject to a different funding method.

Figure 3: Ten-Year Trend of Program Expenditures and Clients, 2008/09–2017/18

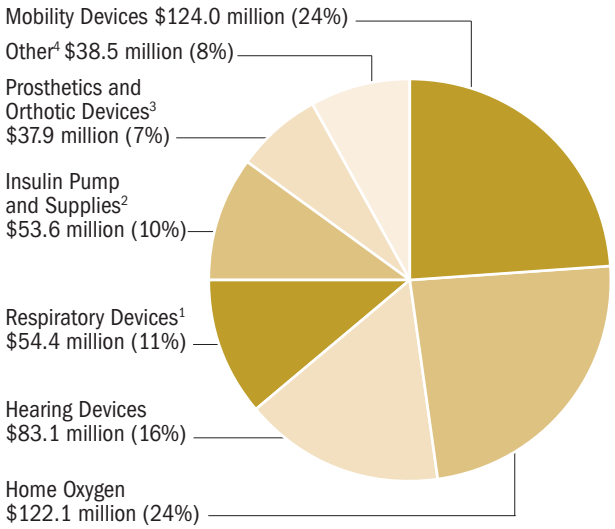
Source of data: Ministry of Health and Long-Term Care



* Program expenditures dropped in 2016/17 mainly due to a pricing review that reduced Program-approved prices in the mobility device category, which is one of the largest device categories.

Figure 4: Program Expenditures by Device Category, 2017/18

Source of data: Ministry of Health and Long-Term Care



1. Respiratory devices includes ventilator equipment and supplies.
2. Insulin pump and supplies includes insulin syringes for seniors.
3. Prosthetics and orthotic devices includes limb, ocular, breast and maxillofacial prostheses and orthotic devices.
4. Other includes visual and communication aids, pressure modification devices, enteral feeding and ostomy.

3.0 Audit Objectives and Scope

To assess whether the Assistive Devices Program (Program) under the Ministry of Health and Long-Term Care (Ministry) has effective systems and procedures in place to:

- meet the needs of Ontarians with long-term physical disabilities in an efficient and cost-effective manner, and in compliance with applicable legislation and policies; and
- measure and publicly report on the effectiveness of the Program in meeting its objectives.

Before starting our work, we identified the audit criteria we would use to address our audit objective. We based these criteria on a review of applicable legislation, policies and procedures, and internal and external studies. Senior management at the Ministry reviewed and agreed with our objective and associated criteria as listed in **Appendix 2**.

Our audit work was conducted at the Ministry's Direct Services Division in Toronto from December 2017 to June 2018. We obtained written representation from the Ministry that, effective November 1, 2018, it has provided our Office with all the information it is aware of that could significantly affect the findings of this report. We met with key personnel at the Ministry involved in processing, approving and monitoring claims. We obtained and reviewed applicable Program policies, procedures and manuals, as well as collected and analyzed claim data. We also selected and reviewed a sample of claims, and requested supporting documentation from vendors and authorizers to assess adherence to Program policies, completeness of supporting documentation, and reasonableness of device pricing.

As well, we met with and obtained information from staff at the Health Fraud Investigation Unit of the Ontario Provincial Police, which accepts referrals from the Program when there is suspected fraud.

In addition, we contacted and obtained feedback from various stakeholders, including:

- ALS Canada
- Balance for Blind Adults
- Canadian Assistive Devices Association
- Canadian Council of the Blind
- Canadian Hard of Hearing Association
- Canadian National Institute for the Blind
- Citizens with Disabilities Ontario
- Diabetes Canada (formerly Canadian Diabetes Association)
- March of Dimes
- Ontario Association of Optometrists
- Ontario Association of Prosthetists and Orthotists
- Ontario Home Respiratory Services Association
- The War Amps

We also reviewed recommendations from our last audit of the Program in 2009 and recommendations made by the Standing Committee on Public Accounts in its 2011 report on the Program, as well as their implementation status from our 2011 follow-up report. We identified past recommendations that are applicable and relevant to our current audit and obtained updates on them from the Ministry. **Appendix 3** provides a summary of these recommendations and relevant findings.

Further, we contacted other jurisdictions in Canada and reviewed publicly available information of their assistive device programs. **Appendix 4** provides a summary of assistive devices programs in Canadian provinces.

We conducted our work and reported on the results of our examination in accordance with the applicable Canadian Standards on Assurance Engagements—Direct Engagements issued by the Auditing and Assurance Standards Board of the Chartered Professional Accountants of Canada. This included obtaining a reasonable level of assurance.

The Office of the Auditor General of Ontario applies the Canadian Standards of Quality Control and, as a result, maintains a comprehensive quality control system that includes documented policies and procedures with respect to compliance with rules of professional conduct, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Professional Conduct of the Canadian Professional Accountants of Ontario, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

4.0 Detailed Audit Observations

4.1 Insufficient Oversight of Vendors Results in Ministry Paying for Ineligible Claims—and Clients Overpaying or Receiving Devices They Don't Need

We found that the Ministry's oversight efforts to identify ineligible claims and to ensure that vendors and authorizers adhere to Program policies remain inadequate. This results in the Ministry and, in some cases, clients overpaying vendors, sometimes for devices clients do not even need.

It is the Ministry's responsibility to perform effective oversight of the Program to confirm that authorizers and vendors are operating in compliance with Program policies. This is to ensure that authorizers and vendors are serving the best interests of clients and that clients are not being sold devices they do not need or that are unnecessarily expensive. As well, the Ministry needs to ensure that vendors are only being paid for eligible claims at costs allowed under the Program. Thorough oversight also requires that vendors retain the necessary documentation to prove that devices included in claims to the Program actually existed and were sold at the prices indicated. Without effective oversight, the Ministry cannot be sure that the Program is only paying vendors what Program policy allows. Moreover, without such oversight, there is an increased risk that vendors' errors and potential misconduct will adversely affect clients, who are often in vulnerable situations.

The majority of the Ministry's oversight related to the Program focuses on two verification activities: vendor reviews and verification letters. These are performed after claims have been approved and paid to ensure they were in compliance with Program policies and procedures.

Vendor Reviews: These reviews involve Ministry staff requesting and reviewing supporting documentation from vendors and authorizers, including assessment notes, invoices and proof of device delivery. We noted that common findings from these reviews include:

- missing or inadequate assessment notes to prove client eligibility;
- missing manufacturer or client invoices to prove the existence and sale of devices;
- returned and/or used devices being sold, which is against Program policies; and
- payments made after a client has passed away, primarily related to home oxygen (see **Section 4.3.2**).

Verification Letters: These letters containing claim details are sent to clients, who are required to respond and notify the Ministry if such details are incorrect.

If the Ministry found vendors that did not comply with Program policies, the Ministry could take actions against those vendors, including recovering payments for ineligible claims, suspending further payments, and/or terminating vendor registration with the Ministry.

While the Ministry has processes in place to review claims and take corrective actions, we found that its oversight efforts have remained inadequate in identifying ineligible claims and non-compliance issues as well as deterring reoccurrence of such issues.

4.1.1 Despite Identifying Significant Overpayments to Vendors for Ineligible Claims, Ministry Reduced Oversight Staff

The Ministry has reduced its staffing resources on oversight activities, even though 99% of all reviews of vendors in the last eight years found instances of vendors not complying with Program policies. In almost all cases, vendors were found to owe the Ministry money because, for instance, they had charged more than the permitted amount for devices, had charged for used devices, or could not provide documentation proving the existence of the devices they had charged for. These vendor reviews

resulted in the Ministry recovering more than $10 million from vendors over the past eight years. Yet despite this, the Ministry reduced the number of Program staff responsible for oversight activities from three to two since our 2009 audit.

Specifically, in the eight years since our last audit (2010/11 to 2017/18), the Ministry conducted reviews of an average of 29 vendors per year—out of a total of 1,200 vendors submitting over 400,000 claims per year—for a total of 235 reviews. Of these, 232 found instances of non-compliance.

Moreover, Program expenditures and the number of clients served have increased almost 50% over the last 10 years (see **Section 2.3**), yet staffing resources for oversight have decreased. This decrease is in spite of the fact that our 2009 audit recommended that the Ministry expand its efforts to monitor vendors' compliance with Program policies, as did the Standing Committee on Public Accounts (Committee) in its May 2011 report on the Program (see **Appendix 3**):

- Our 2009 audit of the Program found that the Ministry had completed 23 vendor reviews and identified ineligible claims resulting in overpayments of approximately $600,000 in 2008/09. At that time, the Program had three staff members responsible for performing oversight activities, and indicated that inadequate staffing resources had limited the number and extent of vendor reviews that could have been completed. As a result, we recommended that the Ministry expand its efforts and resources to better monitor vendors' and authorizers' compliance with Program policies.
- In March 2010, the Committee held hearings on our 2009 audit. As a result of this hearing, the Committee issued a report in May 2011 that also expressed concern about the Ministry's need for appropriate staffing levels to minimize the potential for Program abuse and achieve savings. In response to the Committee's concern, the Ministry indicated that it was determined to improve its oversight capacity.

However, we found in our current audit that instead of expanding its oversight efforts as recommended, the number of Program staff responsible for oversight activities since the time of our 2009 audit was actually reduced from three to two. **Figure 5** provides the organizational chart of the Program, indicating that of the 49 full-time-equivalent Program staff, only two are verification staff. The rest are mainly co-ordinators and claim assessors who are responsible for processing hard-copy (paper) claims, which could have been done more efficiently if the Ministry had implemented electronic claim submission (see **Section 4.3.3**).

Moreover, we reviewed the roles and responsibilities of the existing two oversight staff and noted that only one of them (who is a verification analyst) is responsible for selecting vendors and claims for oversight work. The other (who is a verification associate) is primarily responsible for assisting with tasks such as sending out verification letters and contacting clients, vendors and/or authorizers to obtain and review documentation and providing administrative support.

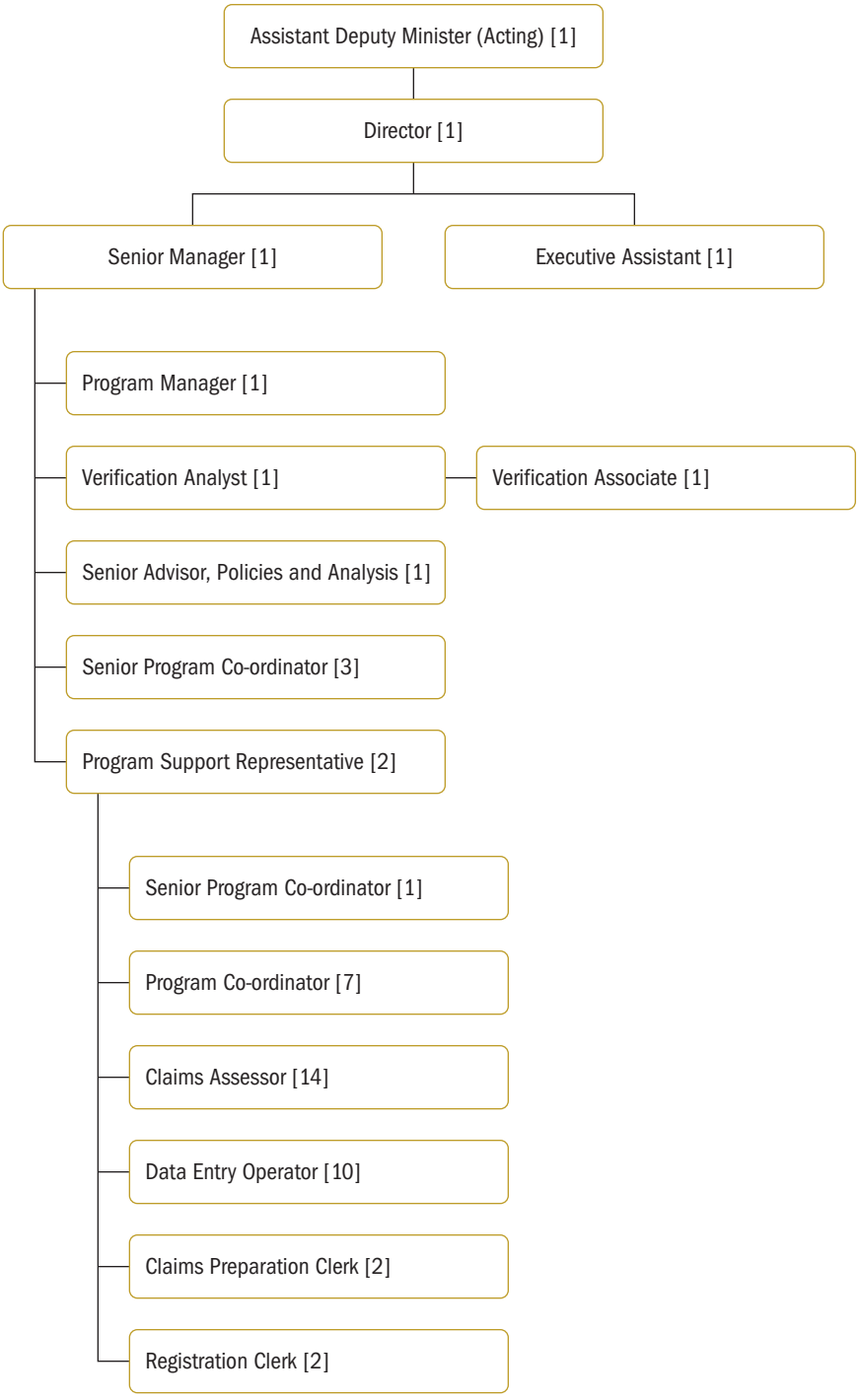
4.1.2 Ministry Does Not Regularly Follow Up on Vendors Previously Found to Have Submitted Ineligible Claims

While the Ministry has found instances of vendors submitting ineligible claims in almost all vendor reviews completed over the last eight years, it has not regularly performed follow-up reviews on these vendors to ensure that they have corrected their issues and are now complying with Program policies. In most cases, these vendors have continued to operate as registered vendors with the Ministry and submit claims with high values. For example:

- A vendor of mobility devices was found to have submitted ineligible claims and repaid the Ministry approximately $250,000 in 2015/16. At the time of our audit, the Ministry had not performed any follow-up review

Figure 5: Organizational Chart of Direct Services Division, Assistive Devices Program, as of June 30, 2018

Prepared by the Office of the Auditor General of Ontario



Note: Number in brackets [#] represents the number of full-time-equivalent staff in the specific position. In total, the Ministry has approximately 49 full-time-equivalent direct operational staff working on the Program.

on this vendor, which continued to submit claims and received a total of approximately $5.8 million from the Ministry in the 2016/17 and 2017/18 fiscal years.

- Another vendor of mobility devices was found to have submitted non-compliant claims and repaid the Ministry approximately $100,000 in 2015/16. Again, the Ministry has not conducted any follow-up review on this vendor, which continued to submit claims and received a total of almost $4.3 million from the Ministry in 2016/17 and 2017/18.
- A vendor of hearing devices repaid the Ministry $50,000 in 2015/16, but has not been reviewed since then despite the Ministry's estimate that a complete review of the vendor's claims, if conducted, could show a total overpayment of $500,000. This vendor continued to submit claims and received a total of approximately $4.8 million from the Ministry in 2016/17 and 2017/18.

The Ministry acknowledged to us that it has not regularly conducted follow-up reviews, citing limited staffing resources (see **Section 4.1.1**) and the need to prioritize reviews. It told us that it considers vendors that have been reviewed recently as low risk compared to other vendors. It only performs trend analysis on recently reviewed vendors to determine if the volume or dollar value of their claims have increased significantly enough to warrant follow-up reviews. However, we noted that trend analysis alone does not provide the Ministry with enough evidence to prove that issues of recently reviewed vendors have been corrected. The fact that the number of claims or dollar value of claims submitted by a vendor since its review have not increased significantly does not necessarily mean that it is not continuing to submit ineligible claims.

4.1.3 Reviews of Possible Overpayments to Vendors Slow, During Which Time Vendors Could Continue Submitting Ineligible Claims

Based on our examination of a sample of the files on vendor reviews conducted by the Ministry over the last five years, we found that the Ministry often took a long time to complete the review process—sometimes up to three years. Vendors were usually able to continue submitting claims while the reviews were under way. The longer the vendor reviews take, the higher the risk that the Ministry is continuing to approve and pay ineligible claims while the vendor is under review. For instance, a vendor selling used devices and charging the Program as if they were new could continue to do so during the period of the vendor review. The benefit of completing vendor reviews more quickly is that this will sooner prevent further ineligible claims from being submitted.

The Ministry informed us that the lengthy vendor review process was due to the time spent waiting for and reviewing supporting documentation, as well as resolving disagreements between the Ministry and vendors when overpayments were identified. In some cases where there were disagreements, the Ministry selected and reviewed an additional sample of claims, which lengthened the review process.

Some examples we found of vendor reviews that took more than a year to complete include:

- The Ministry began a review of a vendor of mobility devices in 2012/13, but due to disagreements with the vendor on the overpayments identified, an additional sample of claims was reviewed. This review was completed in January 2017, at which point the vendor had to return overpayments of $60,000 to the Ministry. When the review was under way, this vendor continued to submit claims and received approximately $4.6 million from the Ministry.

- The Ministry began a review of another vendor of mobility devices in March 2014, but the review was not completed until December 2015 due to time spent on reviewing additional documentation as a result of disagreements with the vendor on the overpayments identified by the Ministry. This vendor eventually repaid over $235,000 as a result of the review. During the review, this vendor continued to submit claims and received approximately $5.4 million from the Ministry.
- The Ministry began a review of a vendor of visual aids in July 2015, but the review was not completed until January 2017 due to disagreements between the Ministry and the vendor, which resulted in additional review work. The Ministry recovered approximately $93,000 from this vendor by March 2018. While the review was under way, this vendor continued to submit claims and received approximately $133,000 from the Ministry.

4.1.4 Ministry Does Not Retain Key Documentation Related to Vendor Reviews and Client Verification Letters

We noted cases where correspondence and details in the files related to the vendor reviews were missing. For example, documents showing how the Ministry calculated the amounts vendors owed, and correspondence showing whether the vendor agreed with the Ministry's findings, were sometimes missing. Therefore, we were unable to trace all of the steps that were performed and determine when the Ministry made recoveries identified in these reviews.

Apart from performing vendor reviews as part of its oversight work, the Ministry also sends out verification letters to a sample of clients each year. The Ministry includes claim details in the letters and requests clients to respond to the Ministry if such details are incorrect. The purpose of this work is to identify whether incorrect or false claims were being submitted by authorizers and vendors on behalf of their clients. In 2017/18, the Ministry sent out over 5,600 verification letters but was unable to confirm how many clients responded and what percentage of letters indicated incorrect or false claims because these details were not being tracked.

The Ministry told us that when clients return verification letters indicating that they did not receive the device as described, this information may be used as one factor in determining which vendors should be reviewed. However, we could not confirm this is the case because the Ministry did not regularly retain and track client responses and related supporting documentation.

Inadequate documentation of oversight activities performed has a negative impact on future oversight work, because the Ministry will be unable to make reference to earlier information. For instance, if in the current year Program oversight staff note a significant number of verification letters pointing to issues with a particular vendor, they will not be able to refer back to verification letters related to that vendor in previous years to see if there is a continuing pattern.

4.1.5 Staff Not Sufficiently Trained to Detect Possible Misconduct or Fraud

Front-line Program staff have not received adequate training in detecting possible misconduct or fraud, even though the Ministry informed us it would provide such training following our 2009 audit. Along with their primary duties of processing claims, front-line Program staff such as claim assessors are responsible for informing senior management and verification staff if they observe irregularities in claims that may warrant further reviews. Therefore, it is important that they have the training and skills to do so.

At the time of our 2009 audit, we noted that Program staff had not received any formal training on risk-assessment techniques to identify "red flags" that indicated potential misconduct or fraudulent claims. At that time, the Ministry informed us that it would improve the awareness of fraud risks in

staff's day-to-day roles by developing a comprehensive training program on the risk-assessment process in 2009/10. At the time of our follow-up in 2011, the Ministry indicated that it had provided risk-management and fraud-awareness training sessions in September 2010, and that it would offer ongoing training opportunities to staff to improve the verification and claims review work being done (see **Appendix 3**).

However, at the time of our current audit, we reviewed a list of training made available to Program staff over the last three years and found that the Ministry provided Program staff with only one risk-management or fraud-related training course, in November 2015, where the Ministry had the Ontario Provincial Police lead a presentation related to one vendor that had committed fraud. Our review of the presentation found that it only covered how that specific fraud was perpetrated; it did not provide Program staff with the information and tools necessary to prevent and detect fraudulent claims and activities as part of their ongoing work.

Given the consistent findings by the Ministry's verification staff of vendors submitting and getting paid for ineligible claims (see **Section 4.1.1**), it is critical that the Ministry provide Program staff with formal and regular training on identifying and addressing Program-specific risks.

RECOMMENDATION 1

To identify ineligible claims and non-compliance issues and prevent their reoccurrence, we recommend that the Ministry of Health and Long-Term Care:

- increase its work to monitor vendors' and authorizers' compliance with the policies and procedures of the Assistive Devices Program (Program);
- conduct follow-up reviews of vendors with a history of non-compliance with the policies and submitting ineligible claims until issues have been addressed and corrected;
- document and track work performed on and the results of oversight activities (including vendor reviews and client verification letters sent and responded to); and
- provide mandatory relevant and comprehensive risk-management and fraud-related training to all Program staff on a regular basis.

MINISTRY RESPONSE

The Ministry strives to ensure that all payments to vendors in regard to assistive devices are appropriate and conform to the policies and procedures of the Assistive Devices Program. Improved system controls will assist in the prevention of some non-compliance, but the Ministry also relies on the professional standards and ethics of health care professionals such as physicians, audiologists, occupational therapists, and physical therapists, which are regulated health-care professions in Ontario.

The Ministry agrees that once the project enabling electronic submission of claims and invoices is completed, Program verification resources could be allocated more effectively with tools that identify high-risk claims and inform detailed annual claims review plans and follow-up reviews.

The Ministry will review its reporting capabilities to identify high-risk vendors for review, develop a framework for detailed annual verification plans, and review and allocate resources accordingly to implement. In addition, the Ministry will work with partners to ensure that appropriate fraud and risk-management training modules are developed and delivered to the Program staff in different roles.

4.1.6 Limited Proactive and Rigorous Review of Unusual Claim Patterns and Trends

While the Ministry has taken action when conflicts of interest were identified as part of its sample-based

vendor reviews, we found a number of unusual claim patterns and trends that indicated potential misuses or abuses of the Program. These unusual claim patterns suggest an increased risk of conflict of interest between vendors and authorizers; vendors charging for devices not actually sold or upselling clients on devices they do not really need; or authorizers not personally assessing clients, which is a requirement of the Program. However, we noted that the Ministry has not looked into these claim patterns even though we raised a similar concern in our 2009 audit.

Pattern Suggesting Potential Conflict of Interest between Authorizers and Vendors

We analyzed 2017/18 claim data and found a number of instances where vendors, specifically in the respiratory and mobility device categories, had a significant number of claims signed by a single authorizer. There may be valid reasons for this, such as there being a limited number of authorizers in the geographic location of the vendor. However, there is risk that if the authorizer and vendor are too closely aligned, the authorizer could be prescribing devices that the client does not actually need (or that are more sophisticated and expensive than the client needs) in order to increase the vendor's sales. The Ministry has not looked into many of these instances that indicated the risk of conflict of interest.

The Program's policies and procedures manual states that authorizers and vendors are prohibited from carrying out their responsibilities in connection with the Program while in a conflict of interest, which can be actual, potential or perceived. The intent of this policy is to ensure that authorizers' and vendors' self-interests do not influence their objectivity in authorizing or recommending devices for clients and do not interfere with a client's entitlement to receive the best possible service in connection with the Program.

Many of the instances we found were related to claims in urban or suburban areas where there were other vendors located near the clients and authorizers; therefore, we questioned whether the authorizers had provided a list of vendors to clients in these instances. For example:

- In the **respiratory device category** (primarily related to CPAP devices), we identified 25 vendors each of which had over 70% of their claims (at least 100 claims) in 2017/18 authorized by the same physician. (Note: In the respiratory device category, a physician associated with a sleep clinic is equivalent to an authorizer for other device categories.) The Ministry did not conduct vendor reviews on 12 of these 25 vendors identified over the last five years. In particular, we noted:
  - One vendor had over 1,300 claims with a total value of over $900,000 (representing about 94% of its total claim value) authorized by the same physician in 2017/18.
  - Another vendor had over 430 claims with a total value of about $330,000 (representing about 97% of its total claim value) authorized by the same physician in 2017/18.
  - Another vendor had 520 claims with a total value of about $350,000 (representing about 84% of its total claim value) authorized by the same physician in 2017/18.
- In the **mobility device category** (which includes wheeled walkers and manual and power wheelchairs), we identified 12 vendors each of which had over $250,000 of its claims authorized by the same authorizer in 2017/18. The Ministry did not conduct vendor reviews on eight of these 12 vendors over the last five years. Specifically, we noted:
  - One vendor had about 360 claims with a total value of about $860,000 (representing about 39% of its total claim value) authorized by the same individual in 2017/18.
  - Another vendor had over 130 claims with a total value of about $630,000 (representing about 33% of its total claim value)

authorized by the same individual in 2017/18.
- Another vendor had about 230 claims with a total value of over $570,000 (representing about 26% of its total claim value) authorized by the same individual in 2017/18.

Pattern of Significant Increases in Vendor Claims

We analyzed claim data by vendors over the last five years (from 2013/14 to 2017/18) and found a number of vendors with significant increases in the value of claims paid by the Ministry, especially in the mobility and respiratory device categories. In some cases, vendors' sales more than doubled in one year. While it is possible for a vendor's sales to increase this much in a short period of time, it is uncommon enough to warrant investigation. Rapid increases in billings could point to a vendor making claims for devices not actually sold, or selling devices clients do not actually require. However, the Ministry did not conduct verification work on most of these vendors over the last five years and did not include these vendors as part of its upcoming verification work plan for 2018/19. Specifically:

- In the **mobility device category**, we identified 21 vendors each of which had a total claim value of at least $100,000 in 2017/18 which had increased by more than 100% over the last five years. The combined value of claims by these vendors was approximately $23 million in 2017/18. Of these 21 vendors, the Ministry only conducted verification work on seven over the last five years. For example:
  - One vendor received approximately $1.4 million from the Ministry in 2017/18, representing a 600% increase over 2016/17.
  - Another vendor received over $3.2 million from the Ministry in 2017/18, representing an almost 30% increase over 2016/17.
- In the **respiratory device category**, we found 15 vendors each of which had a total claim value of at least $100,000 in 2017/18 which had increased by more than 100% over the last five years. These 15 vendors received a total of $2.9 million from the Ministry in 2017/18. Of these 15 vendors, the Ministry only conducted verification work on four over the last five years. Specifically:
  - One vendor received almost $130,000 from the Ministry in 2017/18, which was approximately 800% higher than five years earlier.
  - Another vendor received over $230,000 from the Ministry in 2017/18, representing an almost 500% increase over five years.

Pattern of Authorizers with Significantly High Volume of Authorization

We analyzed claim data by authorizers over the last five years (from 2013/14 to 2017/18) and found numerous examples where authorizers had unusual claim patterns, especially in the mobility and respiratory device categories. While the Ministry does not pay authorizers, it still requires authorizers to sign off on claim forms, indicating that they have performed the assessments on clients directly. If an authorizer has an unusually high number of authorizations, or a significant increase in authorizations, there is an increased risk that the authorizer might be recommending devices the client does not actually need, or might not actually be personally assessing the client. However, we found that the Ministry does not usually conduct detailed authorizer reviews; instead, it relies on client verification letters to identify issues related to authorizers. Due to the lack of documentation for client verification letters, as noted in **Section 4.1.4**, we were unable to confirm whether these authorizers had been reviewed. Specifically:

- In the **respiratory devices category**, we identified 10 physicians associated with

sleep clinics each of whom authorized over 1,000 claims in 2017/18. The total value of these claims was $10.5 million. One of these physicians authorized over 2,900 claims in 2017/18, for which the Ministry paid over $1.9 million. This physician also authorized over 2,500 claims each year in 2015/16 and 2016/17, with the Ministry paying a total of approximately $5.5 million over three years for these claims. Four of these 10 physicians had consistently high claim volumes, with each authorizing over 1,000 claims in each of the last three years, and the Ministry paying approximately $14.8 million for these claims.

- In the **mobility devices category**, we identified 11 authorizers each of which authorized over 300 claims in 2017/18. The total value of claims authorized by these authorizers was over $6 million. One of these authorizers authorized over 700 claims in 2017/18, an increase of over 300% since 2015/16. The Ministry paid more than $900,000 for claims signed by this authorizer in 2017/18.

4.1.7 Expenditures for the Central Equipment Pool for High Technology Wheelchairs Increase 33% in Two Years, but the Ministry Does Not Investigate

The Ministry has not reviewed the current vendor (Motion Specialties) contracted to operate the Central Equipment Pool for High Technology Wheelchairs (CEP), even though expenditures have increased significantly since this vendor took over from the previous one (Shoppers Home Health Care), and authorizers have expressed concerns about the quality of services provided.

The Ministry contracts with a vendor to run the CEP, which provides new and recycled high-technology power wheelchairs at discounted prices to individuals with complex/higher needs, such as individuals with ALS, a disease that gradually paralyzes people. (Unlike vendors of most other device categories, as mentioned in **Section 4.3.1**, the CEP is allowed to sell previously used devices as part of the Program. This is because of the high cost of the devices and the savings that could be achieved from refurbishing and selling a used device as some individuals may only use their devices for a short period of time before their needs change.)

In 2016/17, the original vendor contracted by the Ministry to run the CEP left the mobility aid business. The Ministry then entered into a contract with a new vendor. While the Ministry selected the previous vendor through a competitive process, it assigned the contract to the new vendor without going through the same process. The Ministry has not yet reviewed the new vendor despite significant increases in Program payments to this vendor and concerns expressed by authorizers referring clients to this vendor about the quality of services provided. Specifically:

- Our analysis of claim data related to the CEP found that the previous vendor received approximately $15 million from the Ministry in 2015/16 (which was the last full fiscal year it ran the CEP) and the new vendor received about $20 million in 2017/18 (which was the first full fiscal year it ran the CEP), representing an increase of about 33% over two years. We also noted that the number of wheelchairs funded through CEP increased by approximately 30% over the same period.
- While the Ministry's contract with the CEP stipulates that the Ministry is required to conduct an annual review of the CEP (which involves meeting with the vendor to discuss the overall service delivery and any concerns or constraints encountered), we noted that the Ministry has not conducted such an annual review of the CEP since the new vendor took over the contract in December 2016. The Ministry and vendor indicated that while an annual review has not taken place, the two parties have met periodically throughout the year to discuss relevant matters. In our discussions with authorizers who frequently prescribed mobility devices from the CEP for their

clients, some authorizers indicated concerns with the quality of services provided by the new vendor. Their concerns included a lack of responsiveness to client inquiries, an inability to obtain equipment for assessment purposes on a timely basis, and difficulty in obtaining maintenance and repair services required by the CEP contract.

- Authorizers also informed us that although the CEP is supposed to offer clients the choice of purchasing a recycled high-technology wheelchair (where appropriate) for a lower cost than a new wheelchair, this rarely occurs. We noted that for 2017/18, only about 4% of the Ministry's funding provided to the CEP related to recycled devices; in 2015/16, which was the last full fiscal year in which the previous vendor operated the CEP, approximately 10% of the Ministry's funding provided to the CEP related to recycled devices. In cases where clients are required to pay 25% of the device cost, paying unnecessarily for a new wheelchair rather than a recycled one results in higher costs for both clients and the Ministry.

4.1.8 Ministry Recovered Almost Nothing from Vendors Suspected of Abusing the Program

The Ministry has not recovered a significant amount in overpayments made to vendors that it suspected of abusing the Program and terminated as registered vendors.

If the Ministry identifies through verification work vendors suspected of abusing the Program, it can refer these cases to the Health Fraud Investigation Unit of the Ontario Provincial Police (OPP). In the eight years (from 2010/11 to 2017/18) following our last audit, the Ministry referred 13 cases of suspected abuse of the Program to the OPP. Based on our review of information available, we noted that most of these 13 cases involved suspected collusion and conflict of interest between vendors and authorizers, or involved vendors that sold clients devices they were not eligible for or did not need. Of these 13 referred cases:

- Two resulted in convictions. Vendors involved in these cases are no longer registered with the Ministry.
- Nine cases were withdrawn, meaning that no convictions were made, mainly due to a low prospect of conviction. Two of the vendors involved in these cases are still registered with the Ministry and submitting claims.
  - One of these vendors has not been reviewed by the Ministry since 2015/16 when the OPP stopped investigating. In 2017/18, this vendor received approximately $1.3 million from the Ministry.
  - Another vendor also has not been reviewed by the Ministry since 2014/15 when the OPP stopped investigating, but the Ministry informed us that it plans to review this vendor in 2018/19. In 2017/18, this vendor received over $650,000 from the Ministry.
- Two cases are still under investigation by the OPP. One of these vendors is still registered with the Ministry and submitting claims. In 2017/18, it received over $1 million from the Ministry.

While the Ministry has taken action in most cases to terminate its registration with vendors suspected of abusing the Program, we found that it was not always able to make recoveries from these vendors for past non-compliant claims. At the time it terminated their registrations, seven vendors owed the Ministry an estimated total of almost $5.5 million according to the Ministry's vendor review work. **Figure 6** shows that the Ministry was only able to recover $1,000 (or 0.02%) of this total estimated recovery of almost $5.5 million.

Figure 6: Amounts Recovered from Vendors Suspected of Abuse of the Program Whose Registrations Were Terminated, 2010/11–2017/18

Source of data: Ministry of Health and Long-Term Care

Vendor[1]	Estimated Recovery Owing ($)	Actual Recovery ($)	Vendor Review Start Date	Vendor Termination Date
1	2,100,000	0	May 2013	April 2015
2	1,047,000	0	July 2016	May 2018
3	830,000	0	May 2014	April 2017
4	687,000	0	March 2016	March 2018
5	416,000	0	December 2013	October 2015
6	227,000	1,000[2]	June 2014	August 2016
7	170,000	0	September 2013	November 2015
Total	**5,477,000**	**1,000**		

1. Of the 13 vendors suspected of abuse of the Program, the Ministry terminated the registration of nine. Seven of these nine vendors had outstanding recoveries owing to the Ministry at the time of their registration being terminated.
2. This recovery was made as a result of a court-ordered restitution in the amount of $1,000.

RECOMMENDATION 2

To detect and deter potential misuses or abuses of funding from the Assistive Devices Program (Program), we recommend that the Ministry of Health and Long-Term Care:

- closely monitor patterns and trends of claims to identify misconduct, including conflict of interest in the relationships between authorizers and vendors;
- take appropriate and timely action against vendors and authorizers who breach Program policies (such as recovering overpayments from vendors and terminating vendors' and authorizers' registration status with the Ministry); and
- conduct an annual review of the Central Equipment Pool for High Technology Wheelchairs (CEP) to examine claims submitted and services delivered by the vendor that operates the CEP, and identify and address any concerns.

MINISTRY RESPONSE

The Ministry supports this recommendation and strives to ensure that all payments to vendors in regard to assistive devices are appropriate and conform to the policies and procedures of the Program.

The Ministry is continually working to strengthen compliance with program policies and procedures. In addition to implementing electronic submission to improve the reliability and validity of the system information, the Ministry will review and enhance its reporting capabilities. This will help to identify and monitor claims patterns and trends that may illustrate conflict-of-interest relationships between stakeholders and ensure appropriate, timely action is taken against authorizers and vendors who are found to have breached Program policies, including recovery of overpayments, referral to regulatory colleges or the OPP or termination of the agreement with the Program. The Ministry will continue to liaise with the appropriate regulatory colleges to clarify appropriate contacts, protocols and follow-up mechanisms for continued success in this area.

In addition to the overall review for compliance, the Ministry will meet with the service provider for the CEP to review services delivered to identify and address concerns with an opportunity for continuous quality improvement.

4.1.9 Home Oxygen Clients May Be Referred to Certain Vendors due to Contractual Relationship between Vendor and Hospitals that the Ministry Continues to Allow

In the home oxygen device category, the Ministry allows joint ventures and preferred vendor agreements between hospitals or long-term care homes and home oxygen vendors that result in the inequitable treatment of home oxygen vendors, and could result in clients receiving a different quality or level of service than they might otherwise have received.

Within the home oxygen device category, there are 13 joint ventures delivering services to clients. Each of these joint ventures involves two parties: a hospital and a home oxygen vendor (ProResp Inc.), which is the same for all 13 joint ventures. (In other words, there are 13 hospitals and only one home oxygen vendor involved in the joint ventures.) **Figure 7** provides a list of the 13 joint ventures and the amount they received for claims paid by the Ministry in 2017/18. The first joint venture was established in 1990, and the most recent one in 2015. The vendor informed us that the nine most recent joint ventures established were the result of a request for proposals by the relevant hospitals while the initial four were not.

According to Program policies related to joint ventures, each hospital is:

- required to provide its home oxygen clients with a list of vendors to choose from within their community; and
- allowed to share the profits earned by the joint venture.

While the home oxygen vendor involved in the joint ventures indicated that clients are advised that they have a choice of home oxygen providers and are given a list of vendors to choose from, as a result of the profit-sharing structure of the joint ventures, each hospital has an incentive to refer its clients to the single home oxygen vendor that is part of its joint venture because it obtains a share of the profits earned. This could result in clients being referred to a specific vendor without being given the opportunity to determine which vendor would best meet their needs.

Our analysis of claim data over the last six years (from 2012/13 to 2017/18) found that home oxygen claims paid by the Ministry to these joint ventures increased significantly, by about 70% (from about $15 million to over $26 million) while the overall number of home oxygen clients the Program funded only increased by about 30%.

Figure 7: Thirteen Home Oxygen Joint Ventures and Amounts of Their Home Oxygen Claims in 2017/18
Prepared by the Office of the Auditor General of Ontario

Vendor	13 Hospitals	13 Joint Ventures	Claims Paid ($)
ProResp Inc.	Bluewater Health	Lambton ProResp Inc.	1,769,774
	Huron Perth Healthcare Alliance	Horizon ProResp Inc.	1,728,800
	London Health Sciences Centre	Western ProResp Inc.	3,360,816
	Markham Stouffville Hospital	Markham Stouffville ProResp Inc.	942,134
	North York General Hospital	North York ProResp Inc.	1,517,259
	Royal Victoria Regional Health Centre	Royal ProResp Inc.	5,070,920
	Southlake Regional Health Centre	Southlake ProResp Inc.	1,371,279
	St. Joseph's Healthcare Hamilton	St. Joseph's ProResp Inc.	1,457,201
	The Credit Valley Hospital/Trillium Health Partners	Trillium Health Partners ProResp Inc.	2,825,774
	The Scarborough Hospital	Scarborough ProResp Inc.	1,385,252
	William Osler Health System	William Osler ProResp Inc.	2,214,150
	Windsor Regional Hospital	Windsor Regional ProResp Inc.	1,497,064
	Woodstock General Hospital	Oxford ProResp Inc.	1,081,585
Total			**26,222,005**

The existence of these 13 joint ventures has become a contentious issue in recent years among the other home oxygen vendors. As a result, as of April 2017, the Ministry stopped permitting new joint ventures to be set up—but it allows the existing 13 joint ventures to continue operating. However, since the Ministry does not have data on which vendors these hospital clients are choosing or evidence that clients are being offered a choice of vendors, it has not fully addressed and resolved the issue.

We spoke with representatives of the single home oxygen vendor involved in all 13 joint ventures. They informed us that there are benefits to the joint venture model. For example, joint ventures allow a seamless transition for clients who are discharged from a hospital connected to a joint venture if the client chooses to receive ongoing home oxygen therapy from the joint venture vendor. As well, hospital involvement in the joint ventures can help assure clients that they will receive similar care to what they had been receiving while in hospital.

Apart from the existing joint ventures, the Ministry also allows home oxygen vendors to enter into preferred vendor agreements with hospitals or long-term-care homes. Unlike joint ventures, the Ministry does not allow profit-sharing or the payment of fees between the parties involved in a preferred vendor agreement. However, our review of a sample of preferred vendor agreements found an instance where a vendor was paying a management fee to the hospital with which it had entered into a preferred vendor agreement, appearing to indicate non-compliance with Program policies. There are currently over 600 preferred vendor agreements in the home oxygen device category. Two large vendors (Medigas and VitalAire), which are different from the vendor (ProResp) involved in the joint ventures, account for almost 500 or 80% of these agreements. As with the joint ventures, these preferred vendor arrangements result in the inequitable treatment of home oxygen vendors, and could result in clients receiving a different quality or level of service than they might have if they had been made aware of a choice of vendors.

A 2015 home oxygen program evaluation conducted by the Ministry and the Ontario Home Respiratory Services Association noted that only one-third of clients surveyed were given a choice of home oxygen vendors to select from. In addition, the evaluation found 70% of clients surveyed indicated they were referred directly to a home oxygen vendor by their health-care provider. One stakeholder group we contacted also indicated that joint ventures and preferred vendor agreements limit competition and can put smaller vendors at a disadvantage.

RECOMMENDATION 3

To better ensure clients receive access to a choice of vendors, and to better ensure equity and fairness for home oxygen vendors, we recommend that the Ministry of Health and Long-Term Care conduct a review of its decision to allow joint ventures and preferred-vendor agreements to exist and determine whether any change is needed to protect the interests of both clients and vendors of the Assistive Devices Program.

MINISTRY RESPONSE

The Ministry supports this recommendation and will review the Assistive Devices Program's (Program) policy that:

- permits current Program-registered vendors to enter into preferred vendor agreements with hospitals, long-term-care facilities, and other health-care organizations as required; and
- the decision that allows joint ventures, registered with the Program prior to April 1, 2017, to retain their registration status.

4.2 Device Prices Not Appropriately Monitored and Updated

We found that the Ministry's reviews of device prices were deficient and reviews were not consistently done according to guidelines. As well, Program-approved prices did not reflect current market prices, and mark-ups and fees were not being monitored to ensure reasonableness and compliance with Program polices. Some of these deficiencies had also been noted in our 2009 audit and still have not been addressed by the Ministry.

According to the Program's policies and procedures manual, the Ministry will "review and update approved prices from time to time to ensure they are fair, consistent and equitable for all device types." The Ministry aims to review the pricing of all device categories within a three-year cycle in order to determine and update Program-approved prices. These prices are based on a number of factors, including the price manufacturers charge vendors, information obtained in market analysis and in other jurisdictions, and factoring in a fair rate of return for vendors. However, the Ministry has not been effectively monitoring and updating prices.

4.2.1 Device Pricing Reviews Not Conducted Consistently and Effectively

The Ministry has a guideline that identifies steps for conducting a pricing review. These steps include the following:

- interviewing Program staff and experts to identify device challenges and device history;
- reviewing what devices other provinces fund and at what prices;
- interviewing external stakeholders to obtain feedback on device pricing; and
- providing recommendations on the appropriate device prices.

Our review of supporting documentation for pricing reviews completed within the last five years found that not all pricing reviews were conducted consistently according to the guideline. Specifically:

- Supporting documents on the cost of some devices were missing for some pricing reviews. For example, we found a pricing review on orthotics that made reference to retail costs but provided no supporting documents. As a result, we were unable to verify whether the Ministry had determined and updated device prices appropriately.
- Most pricing reviews did not consider manufacturer costs, which would have provided the Ministry with better insight into the actual costs of the devices and the appropriate mark-ups to be factored into the Program-approved prices (see **Section 4.2.2**).
- While the Ministry identified price differences between different models of the same device as part of its pricing reviews, it did not adjust the Program-approved prices to reflect such differences and instead opted to set a common price for all models. For example, a 2013 pricing review noted that some models of the CPAP device had retail prices below $400 each. Despite price variations among different models, the Ministry set the same Program-approved price for all CPAP devices at $860. Setting the Program-approved price higher than might be necessary can not only result in the Ministry paying more than it needs to but also in the client paying more than necessary in instances where the client is responsible for paying 25% of the device price.
- The Ministry did not conduct a pricing review of all devices within its three-year review cycle, as its guideline requires. Instead, the Ministry told us it mainly focused on commonly claimed devices because its list of Program-approved devices is long—over 8,000 specific devices, many of which are older models. The Ministry informed us that it did not remove older models from its device list so as to provide more choices for clients, specifically those clients who may be comfortable with older models they have been using for a long time. However, since older models

are more likely to have come down in price, the Ministry may have been paying significantly more than market prices for some older models that were not subject to regular pricing reviews.

Stakeholder groups we contacted (including the Canadian National Institute for the Blind, Ontario Association of Optometrists, Ontario Association of Prosthetists and Orthotists, and The War Amps) also expressed concerns on device pricing. Some specific concerns include the following:

- Device pricing of some visual aids has not kept pace with advancements in assistive technology (such as electronic devices, including computerized equipment). Therefore, the Ministry should review device pricing regularly.
- There has been no significant pricing update for some prosthetic and orthotic devices over the last 10 years to reflect current technology and costs of such devices. As such, the Ministry should review and update device pricing regularly to account for changes in costs and technology.

4.2.2 No Monitoring of Reasonableness of Mark-Ups and Fees Charged by Vendors

At the time of our 2009 audit, Program policies for most device categories indicated that "the price for a product should be the manufacturer's unit cost to the vendor for that product plus a reasonable return (up to 33.3%)," thereby providing a reasonable return for the vendor and cost-containment for the Program. However, our 2009 audit found that vendors in some device categories had significantly high mark-ups, such as an 84% mark-up for mobility devices.

In 2016, the Ministry changed Program policies to clarify that it does not provide a specific mark-up or profit margin for vendors. Instead, it factors in various mark-up percentages for different devices when determining and updating the Program-approved prices as part of its device pricing review. For example, in its most recent pricing review of mobility devices, it factored in mark-ups ranging from 5% for power scooters to 15% for wheelchairs. However, since the Ministry has not always conducted its pricing reviews consistently and effectively, as previously mentioned in **Section 4.2.1**, we question the reasonableness of the mark-ups being factored into the Program-approved prices.

Mobility, Respiratory and Communication Devices: Significant Mark-ups and Wide Variations of Mark-ups

We obtained and reviewed a sample of manufacturer costs and vendor selling prices and found numerous cases where vendors had significantly high mark-ups and where there were wide variations in mark-ups by vendors for the same or similar devices. These cases indicated that the Program was not monitoring mark-ups for reasonableness when determining and updating the Program-approved prices. **Figure 8** provides examples of mark-ups by vendors. Specifically, our sample testing of manufacturer costs and vendor selling prices found that:

- Mark-ups were significantly high in the mobility, respiratory and communication device categories. For example, mark-ups for two models of CPAP devices exceeded 200%, and mark-ups for power and manual wheelchairs were over 120%.
- Mark-ups for the same or similar device varied significantly from one vendor to another. For example, mark-ups for one model of a CPAP device ranged from 95% to 223%, and mark-ups for speech recognition software ranged from 45% to 147%.

We noted that in most cases, high mark-ups are due to the following reasons:

- Some vendors are able to benefit significantly from lower manufacturer costs, likely because the high volume of their purchases lead to volume discounts from the manufacturers. These benefits are not subsequently passed on to the Ministry and clients.

Figure 8: Examples of Mark-Ups by Vendors Based on Sample Testing of Manufacturer Costs and Vendor Selling Prices

Prepared by the Office of the Auditor General of Ontario

Device	Vendor*	Manufacturer Cost ($)	Selling Price ($)	Mark-Up (%)
Mobility Devices				
Adult wheeled walker—Type 3	1	245	417	70
	2	289	417	44
Adult power base—Type 3	1	2,717	6,125	125
	2	3,305	6,125	85
Power scooter	1	1,360	2,395	76
	2	1,385	2,395	73
Adult lightweight performance manual wheelchair	1	1,043	2,290	120
	2	1,074	2,290	113
Respiratory Devices				
Continuous positive airway pressure (CPAP)—Model 1	1	335	860	157
	2	395	860	118
Continuous positive airway pressure (CPAP)—Model 2	1	275	860	213
	2	352	860	144
Continuous positive airway pressure (CPAP)—Model 3	1	226	860	223
	2	440	860	95
Communication Aids				
Desktop computer including monitor and printer	1	700	1,500	114
	2	1,135	1,300	15
iPad communication package with specialized software	1	700	1,200	70
	2	930	1,120	20
Speech recognition software	1	420	1,036	147
	2	345	500	45

* The terms 'Vendor 1' and 'Vendor 2' indicate two different vendors selling the specific device, but these vendors are not necessarily the same across all devices within a device category.

- In some device categories (such as visual optical aids), the Ministry pays up to the maximum Program-approved price but vendors are allowed to charge more than those prices with the clients responsible for paying the difference. In other categories (such as mobility devices), the Ministry sets a price limit on a device which the vendor is not allowed to charge more than. However, vendors tend to charge the maximum allowable price even when they pay manufacturers significantly less.

Hearing Aids: Non-Compliance with Mark-Ups Policy and Wide Variations of Dispensing Fees

Unlike other device categories, the Ministry requires vendors of hearing aids to sell devices at manufacturer costs. In other words, hearing aid vendors cannot mark up the cost of hearing aids. (They can, however, charge dispensing and related fees, as discussed later in this section.) We obtained and reviewed a sample of manufacturing costs and vendor invoices for hearing aid vendors and found instances where vendors did not follow this Program policy and included mark-ups in their selling prices, resulting in clients having to pay more out of

pocket than what the Program allows. For example, our sample testing found the following instances of non-compliance with Program policy:

- One vendor purchased canal hearing aids from a manufacturer for approximately $1,600 per device but sold them to clients for almost $2,600 per device, resulting in clients paying $1,000 (or almost 63%) more per hearing aid than what the Program covers. (The Program pays a maximum of $500 per device, so if the vendor in this case had complied with the Program policy, the client would have paid only $1,100 per hearing aid instead of $2,100 per hearing aid.)
- Another vendor sold behind-the-ear hearing aids for $875 each. Our review of the manufacturer invoices found that while the manufacturer's list cost was $875, this vendor received a volume discount on its purchases, effectively lowering the cost of each hearing aid to $525. Program staff informed us that in cases such as this, the after-discount cost becomes the maximum amount the vendor can charge its clients. Therefore, this vendor did not comply with the Program's policy by charging $350 (or about 67%) more than what the Program allows.

Although vendors cannot mark up the cost of hearing aids, they are able to charge dispensing and related fees for services such as fitting and adjusting devices, and instructing clients how to use and care for their hearing aids. However, Program policies state that these fees cannot be for more than the amounts stipulated by the Association of Hearing Instrument Practitioners of Ontario and the Ontario Association of Speech-Language Pathologists and Audiologists. While we did not find any instances of non-compliance in this area, we did note wide variations in the dispensing fees being charged by vendors, ranging from $500 to $1,200 per hearing aid. In most cases, clients had to pay these fees themselves because the Program only pays up to a maximum of $500 per hearing aid. Therefore, clients would have to shop around in order to find the best price.

RECOMMENDATION 4

To better ensure that prices for the devices funded by the Assistive Devices Program (Program) are reasonable and keep pace with changes in the market, we recommend that the Ministry of Health and Long-Term Care:

- establish a consistent pricing review model by taking current market prices, manufacturer costs and other factors (such as volume discounts and technological advances) into consideration when updating Program-approved prices;
- collect and retain all documentation to support decisions made relating to device pricing; and
- regularly monitor prices and fees (such as dispensing fees) charged by vendors to ensure compliance with Program policies, protect the interests of the Ministry and clients of the Program, and ensure that clients are treated consistently.

MINISTRY RESPONSE

The Ministry supports this recommendation as it is important to regularly review pricing to ensure Program prices are reasonable. The Ministry will review its pricing review model to ensure it meets this goal.

The Ministry is committed to ensuring that its clients pay fair and competitive prices for the assistive devices they require to lead independent lives. At the same time, the Ministry sets prices that allow appropriate compensation for all approved vendors regardless of size, buying power or geographical locations.

4.2.3 No Changes to Pricing and Funding Criteria despite Significant Increase in Continuous Positive Airway Pressure (CPAP) Devices Funded by the Program and Concerns about Compliance with CPAP Therapy

Approximately 85% of Program funding for the respiratory devices category is for the continuous positive airway pressure (CPAP) device, which is worn at night by an individual with obstructive sleep apnea syndrome, a sleep disorder where an individual repeatedly stops and starts breathing while sleeping. Despite the significant growth in claims for CPAP devices and concerns about compliance issues related to these devices, the Ministry has not made any changes to the funding criteria for CPAP devices.

Based on our review of Program data over the last five years (from 2013/14 to 2017/18), we found a significant growth of claims related to CPAP devices. For example:

- The number of CPAP devices funded by the Program has increased significantly by almost 50% (from about 43,000 devices to over 64,000 devices).
- Program funding has increased by about 22% (from about $35 million to over $42 million) even though in 2014 the Ministry reduced the Program-approved price for a CPAP device.
- The OHIP fees paid to sleep clinics and physicians (who work at sleep clinics and are responsible for testing and determining whether individuals require CPAP devices) have increased by approximately 13% (from $75 million to $85 million). As discussed in **Section 4.1.6**, we also noted a number of instances where physicians prescribed a significant number of CPAP devices annually and where vendors had the majority of their claims of CPAP devices authorized by the same physician.

We also researched how other jurisdictions in Canada and the United States fund CPAP devices. We found that eligibility for government financial assistance for CPAP devices varies by province, and Ontario is one of only three provinces that provide co-payment coverage for all eligible individuals regardless of their income level. The other two are Manitoba and Saskatchewan, both of which recently began requiring clients to make a co-payment toward the cost of a CPAP device. The amount of co-payment in these two provinces, $500 and $275 respectively, is higher than the $215 co-payment required from clients in Ontario (which is 25% of the $860 Program-approved price of a CPAP). While all jurisdictions we researched require that certain medical eligibility be met, such as having moderate to severe sleep apnea that is diagnosed by a physician following a sleep study, we noted the following differences:

- In Alberta, coverage for CPAP devices is only provided for individuals who require social assistance, are severely handicapped, and/or are low-income seniors.
- In British Columbia, coverage for CPAP devices is only provided if an individual can demonstrate financial need and medical necessity.
- In Manitoba, coverage for CPAP devices is available to all individuals who meet medical eligibility criteria. An individual must also meet usage criteria by undergoing a trial period lasting up to 90 days during which the individual has to use the device at least four hours each night 70% of the time. Effective April 23, 2018, the government began requiring individuals to pay a co-payment of $500 (previously no co-payment was required) to cover the purchase of the device.
- In Ontario, coverage for CPAP devices is available to all individuals who meet medical eligibility criteria. The Ministry covers 75% of the Program-approved price of a CPAP device ($860) with the individual paying the remaining 25% (except for individuals who are on social assistance, in which case the Ministry pays 100% of the Program-approved price).

- In Saskatchewan, coverage is available to all individuals who meet medical eligibility criteria. Effective October 1, 2017, the government began requiring individuals to pay a fee of $275 (previously no fee was required) for the loan of a CPAP device (while Saskatchewan uses the term "loan", this is similar to the purchase of the device given the loan is for the life of the CPAP device). The fee is waived for eligible low-income individuals.
- Under the Medicare/Medicaid program in the United States, funding for CPAP devices is provided to individuals for an initial three-month trial period. In order to obtain further funding, individuals are required to be re-evaluated by a physician to confirm that they are using their devices (which can track usage data) and that their conditions are improving as a result of using the devices.

In the 2016 Ontario Budget, the government announced that the Province would examine funding criteria for CPAP devices to ensure that Program funding is provided for individuals who need it. The Ministry then conducted a review of its funding criteria for CPAP devices. The review found that:

- CPAP clients have less-complex disabilities, are working age, and are better off financially than other Program clients.
- Clinical evidence showed that compliance with CPAP therapy was low (meaning that some clients were not using their devices).

Despite the issues noted by the Ministry, it has not made any changes to the funding criteria for CPAP devices. In fact, it expanded Program funding for CPAP devices to the residents of long-term-care homes in April 2018. The Ministry estimated that this would increase Program expenditure by approximately $1.3 million per year. Previously, residents of long-term-care homes were not eligible for funding for CPAP devices.

RECOMMENDATION 5

To help ensure that funding for continuous positive airway pressure (CPAP) devices is provided to those individuals who need it the most, we recommend that the Ministry of Health and Long-Term Care analyze how other jurisdictions fund CPAP devices and assess the cost and benefit of providing full funding for the device only after a client has demonstrated compliance with CPAP therapy over a trial period.

MINISTRY RESPONSE

The Ministry supports this recommendation and will undertake a review of funding assistance toward positive airway pressure systems, including considerations around eligibility criteria, use compliance and pricing.

4.3 New Information System Not Fully Utilized

Our review of the Ministry's information system found that although the system has been in place for almost eight years, it still has not fully addressed some of the Program's needs effectively because specific important features are either missing, not fully utilized or not yet functional.

When a claim form is received from a vendor through the mail, Ministry staff manually enter into the information system details from it, such as client name, authorizer and vendor numbers, and device(s) being claimed. This information is then used by claims assessors to determine if the claim meets Program criteria for approval. The information system stores these claim details and assessment results, and allows the Ministry to report on Program statistics.

In 2011, the Ministry implemented a new information system to replace its legacy system that was in place at the time of our 2009 audit. This information system was developed internally at a cost of $7 million and has resulted in a number of improvements, which include:

- improving claim processing times using the system's capability to automatically approve claims when specific criteria are met;
- providing real-time connection with the Ministry's Registered Persons Database to verify if clients are alive and have valid Ontario Health Insurance Plan (OHIP) coverage as required by the Program;
- flagging specific vendors, authorizers and devices so that claims related to them must be manually reviewed and processed even when the criteria for automatic approval are met; and
- running instant reports on claim data (such as the number of devices authorized by a single authorizer and the dollar value of claims made by a vendor) to identify unusual patterns and trends for further analysis and oversight work.

However, the system is still not fully utilized. For instance, it is not being fully used to detect claims made for used devices or payments made to vendors for home oxygen services after a client has died. As well, it is not used to receive claims electronically from vendors, thereby adding to processing times and costs.

4.3.1 Ministry Paying for Resale of Used Devices for Which It Already Paid

The Ministry's information system is not identifying all instances where a claim is being made for a used device (which is generally against Program policy), even though it has the capacity to do this. Program policies require vendors within seven of the 19 device categories to include serial numbers of specific devices on invoices. The primary purpose of this requirement is to ensure that the same device is not funded more than once. Since each specific device has a unique serial number, a serial number being used more than once for the same device typically indicates that a vendor is selling a used or returned device, which is not allowed under Program policies (with the exception of the Central Equipment Pool for High Technology Wheelchairs, where the Ministry allows the vendor to sell used devices, as discussed in **Section 4.1.7**).

Although the Ministry's information system has a data field for serial numbers, we found that the system is not programmed to conduct an automated check in order to ensure that:

- a serial number has been entered for devices where a serial number is mandatory; and
- a serial number entered has not already been used in a different claim.

We conducted an analysis of all claims paid by the Ministry in 2017/18 and found a number of cases where serial numbers were either missing or were duplicated, as shown in **Figure 9**. For example:

- Almost 2,300 claims (mainly in the mobility, hearing and respiratory device categories) with a total cost of about $1.5 million were approved and paid for by the Ministry despite having duplicate serial numbers recorded in the system.
- Over 7,500 claims did not have serial numbers (mainly in the visual, mobility, respiratory, communication and hearing aid categories) as required by the Program. In particular, approximately 80% of all claims in the visual and communication aid device categories were without the required serial numbers.

Since the Ministry does not require vendors to submit invoices together with their claims, it is only able to identify vendors that fail to comply with Program policies on not selling used or returned devices through its sample-based vendor review process (see **Section 4.1**). Our review of the vendor reviews found cases where the Ministry approved and paid claims for devices that were subsequently found to have identical serial numbers, which indicated that vendors sold used devices to clients. While the Ministry has recovered from vendors some of the money owing from these cases, it has only conducted vendor reviews on a sample of vendors (on average, 235 out of about 1,200 vendors in the last eight years—see **Section 4.1.1**). Therefore, the Ministry likely has not recovered payments for many of the duplicate claims we identified in **Figure 9**.

Figure 9: Summary of Claims without Serial Numbers and with Duplicate Serial Numbers by Device Category, 2017/18

Source of data: Ministry of Health and Long-Term Care

Device Category	Total # of Claims for Devices Requiring a Serial Number	Claims Without a Serial Number		Claims with Duplicate Serial Number	
		#	%	#	$
Mobility Devices	62,666	2,348	4	768	531,000
Hearing Devices	77,454	577	1	1,060	564,000
Respiratory Devices	66,195	1,030	2	421	278,000
Visual Aids	3,464	2,784	80	17	4,000
Insulin Pumps and Supplies*	2,538	2	0	14	85,000
Communication Aids	972	772	79	0	–
Total	**213,289**	**7,513**	**3**	**2,280**	**1,462,000**

* Insulin pumps and supplies for adults and children are two separate device categories (see **Section 2.2** and **Appendix 1**) but the Ministry combines them when tracking serial numbers.

RECOMMENDATION 6

To better ensure that no duplicate payments are made by the Assistive Devices Program to vendors for used or returned devices, we recommend that the Ministry of Health and Long-Term Care implement controls or automatic checks in its information system to prevent claims from being paid unless a unique serial number has been provided (where required) and entered into the system, and to flag instances where a serial number has already been used.

MINISTRY RESPONSE

The Ministry agrees with this recommendation and has initiated work to update the information system controls and rules required, where applicable, for input of the serial number of a device and to flag for further review instances that may indicate a duplicated serial number. These changes are expected to be implemented by the end of the fourth quarter of 2018/19 and will help with strengthening existing controls.

4.3.2 Ministry Does Not Always Recover Payments Made to Vendors after a Client Has Died

Our 2009 audit noted instances of unreasonably long delays between the date a home oxygen client passed away and the date the Program's record was updated. Our current audit found that this issue has not been fully addressed.

The Ministry's information system is connected with the Registered Persons Database which, among other things, provides proof that a client is still alive. The Ministry informed us that the system conducts a check to ensure a client is alive before a payment is made. However, due to delays between the date of a client's death and the date the Registered Persons Database is updated with this information, some vendors continue to receive payments after a client has passed away until the Registered Persons Database is updated.

The issue of overpayments for deceased clients has been particularly pervasive in the home oxygen device category, as clients often require home oxygen therapy until the end of their lives, and the Ministry pays home oxygen vendors on an ongoing monthly basis.

While some vendors voluntarily notified the Ministry and returned overpayments related to

deceased clients, others did not and only returned overpayments when required to do so as the result of a vendor review process. However, since the Ministry only conducts vendor reviews on a sample of vendors, it likely has not captured all instances of overpayments for deceased clients. We found examples where the Ministry made overpayments to home oxygen vendors and subsequently made recoveries, mainly related to cases where clients had passed away. For example, between 2012/13 and 2017/18, the Ministry recovered approximately $500,000 from one home oxygen vendor and about $275,000 from another vendor. Had the Ministry not conducted random reviews of these vendors, it would never have identified these overpayments and the vendors would never have repaid them.

Based on our review of the Ministry's information system and claim data, we found that the system does have a data field that enables Program staff to run a report that identifies all instances of possible overpayments to vendors for deceased clients. In 2017/18, we noted that there were 857 such instances identified in this report generated by the system, representing approximately $144,000. However, we found that Program staff did not review and follow up on all such instances. We also found that the Ministry still has not fully utilized this feature of the system to identify all overpayments for deceased clients. Instead, it mainly relied on its vendor review process to identify overpayments on a sample basis.

RECOMMENDATION 7

To better ensure that the Assistive Devices Program (Program) identifies and recovers overpayments, we recommend that the Ministry of Health and Long-Term Care require Program staff to regularly run reports that identify all instances of potential overpayments related to clients who have passed away, and follow up with all vendors related to these instances in order to collect overpayments.

MINISTRY RESPONSE

The Ministry agrees that funding related to invalid claims for deceased persons should be actively recovered where appropriate.
The Ministry is enhancing its capacity for generating and reviewing this system data through the involvement of both the verification unit and other program staff and is exploring opportunities for improved reporting.

4.3.3 Ministry Still Only Accepts Hardcopy Claims from Vendors, Resulting in Unnecessary Delays and Potential Errors

The Ministry's information system, which was implemented almost eight years ago, can be upgraded to allow Program staff to accept claims electronically. However, at the time of our audit, the Ministry still only accepted hardcopy (paper) claims delivered by mail or courier (see **Section 2.2**).
The Ministry informed us that, in 2018, it started working on changes to its computer system to allow vendors to submit claims electronically. However, we noted that, if this is achieved on schedule, it will not be fully operational until mid-2020, some nine years after the information system was put in place.

Figure 10 provides an illustration of the current paper-based process and how the streamlined electronic process could work. We noted that if the Ministry had implemented the electronic claim submission function earlier, it could have improved the efficiency of the Program's operation sooner because this feature is expected to provide the following benefits:

- allowing Program staff to spend more time on verification work by reducing the amount of time they spend on manually entering claim data into the system (10 out of 49 full-time equivalent Program staff currently enter data from hardcopy claims into the system as their primary role, as shown in **Figure 5**);

Figure 10: Comparison of Steps to Access Assistive Devices Program—Current Paper-Based Process vs Streamlined Electronic Process

Prepared by the Office of the Auditor General of Ontario

Current Paper-based Process[1]	
1.	Client is diagnosed with an illness or condition, and is referred to an authorizer
2.	Authorizer confirms client's eligibility for a device(s) and completes hardcopy application for client to take to a vendor
3.	Client brings application form from authorizer to the vendor. Client and vendor select device(s) suitable for client's needs
4.	Vendor completes hardcopy application and mails it to the Ministry
5.	Ministry's data entry staff enter information from hardcopy application into computer system
6.	Ministry staff adjudicate application, and notify vendor by mail if application approved
7.	Vendor submits specific information on the device(s) to the Ministry's finance department
8.	Ministry pays the vendor
9.	Client pays 25% portion of the device cost (if applicable) to the vendor and receives the device[2]
Possible Streamlined Electronic Process	
1.	Client is diagnosed with an illness or condition, and is referred to an authorizer
2.	Authorizer confirms client's eligibility for a device(s) and sends relevant information electronically to the Ministry
3.	Client and vendor select device(s) suitable for client's needs
4.	Vendor submits application, including device-specific information, electronically to the Ministry
5.	Ministry receives, processes and adjudicates application electronically
6.	Ministry pays the vendor
7.	Client pays 25% portion of the device cost (if applicable) to the vendor and receives the device[2]

1. See **Section 2.2** for detailed steps to access the Program under the current paper-based process.
2. In some cases, vendors choose to provide the device, or a loaner device, to the client in advance of receiving payment from the Ministry. However, they are not required to do so.

- providing automated system checks to ensure all mandatory claim information is entered before a claim submission is accepted; and
- improving data accuracy and reliability by requiring vendors to enter information directly and reducing manual data-entry errors.

In addition to the above benefits, we noted that there are further areas of possible improvement the Ministry did not include in its implementation plan. For example:

- The Ministry currently requires a vendor to submit a claim form on behalf of a client and an authorizer. Electronic claim submission will provide an opportunity for the Ministry to collect more reliable claim details by requiring authorizers and vendors to independently submit their respective claim details to the Ministry electronically.
- The Ministry currently does not collect any supporting documents (such as assessment notes, invoices and proof of payment) along with the claim form. Electronic claim submission will provide the Ministry with an opportunity to prevent ineligible claims from being approved and paid by requesting authorizers and vendors to submit pertinent supporting documentation electronically.

RECOMMENDATION 8

To improve the operational efficiency of the Assistive Devices Program (Program), we recommend that the Ministry of Health and Long-Term Care:

- assess the feasibility of requiring vendors and authorizers to separately submit claims and supporting documentation electronically to

enhance compliance with Program policies and procedures; and
- monitor the status of its project to implement electronic claim submissions to ensure implementation meets the schedule without delay.

MINISTRY RESPONSE

The Ministry agrees with the recommendation to closely monitor the status of the current project to implement electronic claim and invoice submission by mid-2020 in order to improve Program efficiency. As a second phase, once the electronic claim submission project is implemented, the Ministry will review the impact to stakeholders and the feasibility of implementing a system open to all users to submit the required information independently, thereby increasing and enhancing rigor and compliance.

4.4 Measurement and Reporting of Program Performance Needs Improvement

The Ministry measures the performance of the Program according to two criteria:
- whether claims processing times meet an eight-week target; and
- the results of client satisfaction surveys.

Our review of these measures found that the target time for processing claims was not consistently met across all device categories, and there was not sufficient feedback from client satisfaction surveys to conclude on Program performance. The Ministry has not publicly reported on its claim processing times against the eight-week target and the client satisfaction survey results.

4.4.1 Clients Wait for Devices While Ministry Takes More than Eight Weeks to Process Almost Half of All Claims

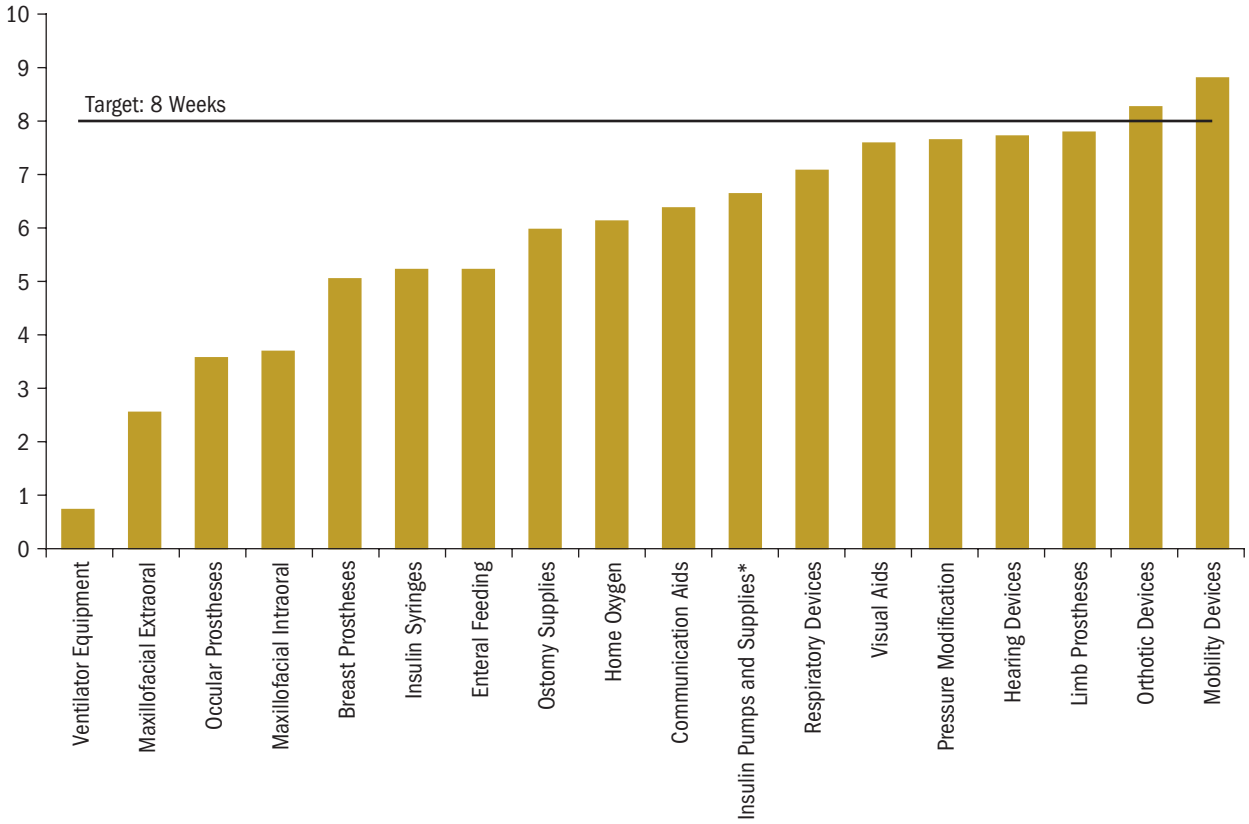
Over the last five years, the average claim processing time in a number of device categories has improved. (Processing time covers the period from the Ministry receiving the claim to when it mails the vendor a notice saying whether the claim has been approved. It does not include the time the Ministry takes to process payment to the vendor.) However, the eight-week claim processing target set by the Ministry has not been met consistently in all device categories, as seen in **Figure 11**. We found that in 2017/18:
- Overall, 46% of claims took over eight weeks to process.
- Of the 18 device categories, the average claim processing time for 16 categories was within the eight-week target while the remaining two (mobility and orthotic devices, which account for approximately 30% of all paid claims) were between eight and nine weeks.
- Claim processing times varied significantly by device category, with ventilator equipment having the shortest claim processing time of about five days, and mobility devices having the longest claim processing time at almost nine weeks.

The Ministry informed us that most claims that took longer than eight weeks to process required further review by Program staff, or were incomplete, resulting in additional time spent on correspondence between the Ministry and vendors to obtain additional claim details. As well, we noted that the Ministry's continuing use of hardcopy documents sent via the mail rather than electronic communication adds time to the process (see **Section 4.3.3**). During this time, clients are waiting for the assistive device they need, unless the device vendor agrees to provide the device before receiving Ministry approval, or lends a device temporarily. (We also note that the eight-week processing time begins when the Ministry receives the claim from the vendor. From the client's perspective, the wait time is longer: there is also the additional time it takes the hardcopy claim to be delivered from the vendor to the Ministry via mail or courier.)

Stakeholder groups we contacted (including the Canadian National Institute for the Blind, Ontario

Figure 11: Average Claim Processing Time by Device Category in Weeks, 2017/18

Source of data: Ministry of Health and Long-Term Care



* The Program funds 19 device categories (see **Section 2.1** and **Appendix 1**), but this figure only shows 18 categories because insulin pumps and supplies for adults and children are treated as two separate device categories but the Ministry combines them for the purpose of measuring claim processing times.

Association of Prosthetists and Orthotists, Diabetes Canada, and Canadian Assistive Devices Association) also expressed concerns about lengthy claim processing times and recommend that the Ministry implement an electronic application process to save time and costs associated with submitting paper claims forms.

RECOMMENDATION 9

To improve claim processing times of the Assistive Devices Program (Program), we recommend that the Ministry of Health and Long-Term Care review the Program's claim approval, invoicing and payment processes to identify ways of simplifying and modernizing its current manual process (such as introducing an electronic online claim application and invoicing system).

MINISTRY RESPONSE

The Ministry reviewed the current processes for claims and invoices when it was scoping the electronic submissions project. It was determined that the long wait time for an approval was mainly due to the mailing and manual data entry function required with paper claims. Once the claim was entered into the system, the approval in the majority of cases was automatic and immediate. As noted in this audit, by ensuring the implementation schedule is met for electronic submission of claims, the Ministry will be able to substantially improve the claims processing timelines.

4.4.2 Ministry Conducts Client Satisfaction Survey but Methodology Needs Improvement

The Ministry conducts client satisfaction surveys every two to three years. It chooses a random selection of clients across all device categories to whom it sends a survey. However, we noted that the survey methodology could be improved to better measure client satisfaction.

Based on our review of the two most recent surveys, conducted in 2016 and 2018, we noted that the Ministry has made improvements to its surveys since our 2009 audit. For example, it began tracking satisfaction according to device category, and it included demographic questions related to the client's employment status and income, thereby gaining a better profile of the people making claims, which can help in future decision-making. The results of the 2018 survey also showed clients were satisfied with the Program. For example:

- When asked about overall satisfaction with their device, 94% of clients surveyed indicated they were satisfied.
- When asked how their device has impacted their daily living activities, 82% of clients surveyed indicated their device improved their ability to perform these activities.
- When asked how clients felt about the length of time they had to wait to get their device, 91% of clients surveyed indicated it was about right or shorter than expected.

However, we noted a number of shortcomings in the survey methodology where improvements could be made to better measure client satisfaction. For example:

- The number of surveys sent was not in proportion to the number of clients in each device category, meaning that it did not reflect the claim volume or value of each device category. For example, in 2017/18, there were approximately 6,000 visual aid clients (who accounted for $3 million in claims) and 70,000 mobility device clients (who accounted for $124 million in claims). However, approximately 150 surveys were sent to clients in each of these categories even though mobility devices accounted for almost 12 times more clients and 40 times greater claim payments than did visual aid devices.
- As part of the 2018 survey, the Ministry only sent surveys to approximately 2,500 clients out of about 405,000 clients (representing only about 0.2% of clients in 2017/18), with only about 850 clients responding. We noted a similar shortcoming with the previous survey, which was sent to 2,200 clients out of about 366,000 clients (representing only about 0.2% of clients in 2015/16), with just under 800 clients responding. The results of the 2018 survey showed that 94% of clients were satisfied with their devices. However, the survey results may not be representative given the small sample of clients surveyed and responding.
- The Ministry engaged a third party at a cost of approximately $50,000 to conduct the 2018 client satisfaction survey, whereas Program staff conducted previous surveys. Although a third party may have more experience and be better equipped to conduct a survey, we question whether the Ministry has achieved value for money given the limited sample of clients surveyed.

RECOMMENDATION 10

To better ensure that the results of client satisfaction surveys accurately measure the performance of the Assistive Devices Program (Program) and provide value to the Program, we recommend that the Ministry of Health and Long-Term Care review the survey methodology used and make necessary changes to improve the representativeness of survey results (such as by increasing the sample size of clients being surveyed and selecting a representative number of

clients to participate in the survey based on the volume and value of claims by device category).

MINISTRY RESPONSE

The Ministry supports this recommendation and will work with partners to ensure that survey methodology, sampling and reporting are reviewed and updated to ensure that meaningful data are available to assist in the support of operational program improvements and updates.

Appendix 1: Device Categories and Expenditures under the Assistive Devices Program, 2017/18

Prepared by the Office of the Auditor General of Ontario

Device Category	Example(s) of Devices	Main Reason(s) for Need	Program Expenditures ($ million)
Breast Prostheses	External silicone breast prosthesis (artificial breast)	Loss of a breast(s), such as from cancer	1.4
Communication Aids	Voice prostheses (speech generating device); computers with adaptive software, such as word prediction and voice dictation	Individuals who are unable to speak or write, such as those with cerebral palsy, amyotrophic lateral sclerosis (ALS) or traumatic brain injury	1.6
Enteral Feeding Pump and Supplies	Electronic medical device that controls the timing and amount of nutrition delivered to an individual	Patients who cannot attain an adequate oral intake from food and/or oral nutritional supplements, or who cannot eat/drink safely	8.6
Hearing Devices	Hearing aids, cochlear implant replacement speech processors	Hearing loss	83.1
Home Oxygen	Oxygen delivery system (e.g., oxygen concentrator and cylinders)	Chronic obstructive pulmonary disease (COPD), which is a lung disease primarily caused by smoking	122.1
Insulin Pumps and Supplies for Adults	Insulin pump and supplies	Type 1 diabetes	46.7
Insulin Pump and Supplies for Children	Insulin pump and supplies	Type 1 diabetes	
Insulin Syringes for Seniors	Insulin syringes and needles used to inject insulin	Seniors who need to inject insulin every day to help manage their diabetes	6.9
Limb Prostheses – Conventional and Externally Powered	Conventional upper and lower artificial limb, and externally powered upper artificial limb	Loss of limb	15.0
Maxillofacial Prostheses – Extraoral	A device that is required as an external substitute for a partially or totally absent facial part. Examples of devices are auricular (ear) prostheses and nasal (nose) prostheses	Individuals with conditions such as skin cancer and head and neck cancer	0.3
Maxillofacial Prostheses – Intraoral	A removable device placed in the mouth to substitute for partially or totally absent tissues or for impaired function of the oral region. Examples of devices are obturators and mandibular extensions	Individuals with conditions such as oral cancer, cleft palate and sleep apnea	0.6
Mobility	Manual and power wheelchairs, power scooters, wheeled walkers	Inability or difficulty to walk/ambulate	124.0

Device Category	Example(s) of Devices	Main Reason(s) for Need	Program Expenditures ($ million)
Ocular Prostheses	Custom-fabricated ocular prostheses (artificial eye) and scleral lens prostheses	Loss of an eye	7.6
Orthotic Devices	Cranial orthoses (helmet), spinal orthoses (back brace), lower extremity orthoses (knee brace)	Weak muscles and/or joints	18.0
Ostomy Supplies	Any supply that aids in the collection of fecal or urinary waste that usually empties into a pouch attached to the abdomen. Examples of supplies include ostomy pouches and flanges	Bowel or bladder cancer, inflammatory bowel disease	21.9
Pressure Modification Devices	Lymphedema management devices, such as compression garments and sequential extremity pumps Hypertrophic scar garments/orthoses	To reduce the symptoms of lymphedema, which is a condition of localized fluid retention and tissue swelling caused by a compromised lymphatic system To prevent the formation of excessive hypertrophic scarring on individuals who have sustained a burn to their body	3.2
Respiratory Devices	Continuous positive airway pressure system (CPAP)	Obstructive sleep apnea syndrome, which is a sleep disorder when a person's breathing is interrupted	52.7
Ventilator Equipment and Supplies	Mechanical ventilators, cough assist devices (for airway clearance) and oxygen saturation monitors (used to monitor blood oxygen levels in infants and children)	Individuals who require mechanical assistance to breathe, such as those with amyotrophic lateral sclerosis (ALS), muscular dystrophy, or chronic obstructive pulmonary disease (COPD)	1.7
Visual Aids	Specialized glasses or magnifiers, Braille devices, white canes	Blindness or low vision	3.2
Total			**513.6**

Appendix 2: Audit Criteria

Prepared by the Office of the Auditor General of Ontario

1.	Claims should be processed on a timely basis and should only be approved for authorized devices and supplies to eligible individuals. Claim payments should be calculated accurately and supported by appropriate documentation.
2.	Claim verification and review activities should be risk-based, regularly conducted, and clearly documented to ensure legitimacy and accuracy of claims. Any concerns arising from these activities should be followed up on in a timely fashion and appropriate corrective action should be taken when needed.
3.	Authorizers and vendors registered with the Program should be reviewed regularly to ensure that they are in compliance with applicable policies and are eligible to receive funding from the Program in providing efficient and cost-effective services. Any concerns arising from the review should be followed up on in a timely fashion and appropriate corrective action should be taken when needed.
4.	Pricing of devices and supplies should be supported by research and should be regularly reviewed and updated to ensure that the prices are reasonable and economical.
5.	Performance measures and targets should be established and monitored against actual results to ensure that the intended outcomes are achieved and that corrective actions are taken on a timely basis when issues are identified.

Appendix 3: Summary of Previous Relevant Recommendations and Implementation Status

Prepared by the Office of the Auditor General of Ontario

Our 2009 Audit Recommendations[1]	Our 2011 Follow-Up on Implementation Status of 2009 Audit Recommendation[2]	Relevant Findings from 2018 Audit
To ensure that the cost of equipment paid for by the Ministry and its clients is competitively priced, the Ministry of Health and Long-Term Care should: • conduct regular pricing reviews for each device category and update Program-approved prices accordingly; and • take volume discounts and technological advances into consideration when updating Program-approved prices.	• The Ministry reviewed and updated Program-approved prices in several categories (including computer systems, mobility devices, orthotics, and ocular prostheses) and conducted similar reviews of other high-volume, high-cost devices. • The Ministry expected to complete a review of all device categories by summer 2012 in order to identify ways to capture volume discounts. • The Ministry indicated that it would in future conduct ongoing pricing reviews.	• Device pricing reviews not conducted consistently and effectively according to guidelines (see **Section 4.2.1**) • No monitoring of reasonableness of mark-ups and fees charged by vendors (see **Section 4.2.2**)
To ensure that funding for home oxygen is provided only to individuals who require it for medical reasons, the Ministry of Health and Long-Term Care should: • assess whether more stringent vendor oversight is required to ensure that the required periodic assessment tests are being appropriately conducted and reported, or, alternatively, consider the practicality of having independent respiratory therapists perform eligibility assessments, rather than vendors' staff; and • establish procedures and assign clear responsibility for discontinuing home oxygen supply to clients who no longer meet the medical eligibility criteria.	• The Ministry continued to recover overpayments from home oxygen vendors who continued to bill the Ministry after a client had died. • The Ministry launched a new information system in June 2011 to detect claim anomalies in the future. • The Ministry indicated that discontinuation of oxygen therapy is the responsibility of the client's physician and is based on the physician's assessment of a client's medical needs.	• Home oxygen pricing not reflective of actual cost of serving clients (see **Section 4.2.2**) • Ministry does not always recover payments made to vendors after a client has died (see **Section 4.3.2**)
To ensure that Assistive Devices Program funding for devices and supplies is provided only to individuals who are eligible for it, the Ministry of Health and Long-Term Care should: • identify and investigate abnormal claim patterns through regular reviews; and • take action to deter authorizers or vendors that are suspected of abusing or misusing program funding, including suspending their registration with the Program and bringing the matter to the attention of the appropriate regulatory college or professional association where professional misconduct is suspected.	• The Ministry developed a policy, which required regular reviews of claims and claim patterns for all device types. • The Ministry launched a new information system in June 2011 to detect abnormal claim patterns by generating regular reports on claim patterns, authorizer-vendor links, and patterns within device categories. • The Ministry identified and investigated unusual claim patterns, and tested claims samples from all device categories.	• Limited proactive and rigorous review of unusual claim patterns and trends (see **Section 4.1.6**) • Ministry paying for resale of used devices for which it already paid (see **Section 4.3.1**)

Our 2009 Audit Recommendations[1]	Our 2011 Follow-Up on Implementation Status of 2009 Audit Recommendation[2]	Relevant Findings from 2018 Audit
To more effectively identify abuses, recover overpayments, and deter misconduct, the Ministry of Health and Long-Term Care should: • expand its efforts and resources to better monitor vendors' and authorizers' compliance with program policies and procedures; • take timely corrective action to terminate agreements with vendors and authorizers who have clearly violated program policies; • work with the Ministry's Accounting Policy and Financial Reporting Branch to elevate staff risk-awareness and risk-assessment skills; and • where there is clear evidence of potential misconduct, report its concerns to the appropriate regulatory associations or colleges, which are responsible for ensuring the public is protected.	• The Ministry provided risk management and fraud awareness training sessions in September 2010 to Program staff, and additional risk management training for new staff was scheduled in July 2011. • The Ministry will offer other training in future on an ongoing basis to provide Program staff with specific learning and training opportunities to improve verification and claims review.	• Despite significant overpayments to vendors for ineligible claims, Ministry reduced oversight staff (see **Section 4.1.1**) • Ministry does not regularly follow up on vendors previously found to have submitted ineligible claims (see **Section 4.1.2**) • Staff not adequately trained to detect possible misconduct or fraud (see **Section 4.1.5**)
To deter potential conflict of interest as well as the misuse and abuse of program funding, the Ministry of Health and Long-Term Care should: • more closely monitor vendor billing patterns and, particularly when claims have increased dramatically, consider investigating the various parties for evidence of inappropriate authorizing or billing practices; • terminate agreements with vendors and authorizers who breach the Program's conflict of interest policies; and • inform the appropriate regulatory college or professional association of any health-care professionals whose behaviour or practices put the public at risk of harm.	• The Ministry strengthened its conflict of interest policy, which specified the process leading up to suspension and/or termination of contracts with vendors and authorizers after the Program identified a breach of contract. • The Ministry launched a new information system in June 2011 to detect abnormal claim patterns by generating regular reports on claim patterns, authorizer–vendor links, and patterns within device categories. • The Ministry indicated that matters related to fraudulent billings by vendors had been referred to the Ontario Provincial Police.	• Limited proactive and rigorous review of unusual claim patterns and trends (see **Section 4.1.6**) • Ministry recovered almost nothing from vendors suspected of abusing the Program (see **Section 4.1.8**) • Home oxygen clients may not be offered a choice of vendors due to profit-sharing arrangement between vendor and hospitals that the Ministry continues to allow (see **Section 4.1.9**)

2011 Recommendations of Standing Committee on Public Accounts (Committee)	Our 2011 Follow-Up on Implementation Status of 2011 Committee's Recommendation[3]	Relevant Findings from 2018 Audit
To examine what progress the Ministry has made in capturing volume discounts while still addressing issues related to providing equitable access to the Program across Ontario. If the Ministry is not yet capturing these discounts, it should explain to the Auditor its plan for doing so, including a timeline.	• The Ministry reviewed and updated Program-approved prices in several categories (including computer systems, mobility devices, orthotics, and ocular prostheses) and conducted similar reviews of other high-volume, high-cost devices. • The Ministry expected to complete a review of all device categories by summer 2012 in order to identify ways to capture volume discounts. • The Ministry indicated that it would in future conduct ongoing pricing reviews.	• Device pricing reviews not conducted consistently and effectively according to guidelines (see **Section 4.2.1**) • No monitoring of reasonableness of mark-ups and fees charged by vendors (see **Section 4.2.2**)
To assess whether the Ministry is conducting inter-jurisdictional price comparisons in major device categories besides home oxygen pricing. The Ministry should, for example, provide documentation of price comparisons made for various device groups.	• The Ministry reviewed and updated Program-approved prices in several categories (including computer systems, mobility devices, orthotics, and ocular prostheses) and conducted similar reviews of other high-volume, high-cost devices. • The Ministry expected to complete a review of all device categories by summer 2012 in order to identify ways to capture volume discounts. • The Ministry indicated that it would in future conduct ongoing pricing reviews.	• Device pricing reviews not conducted consistently and effectively according to guidelines (see **Section 4.2.1**) • No monitoring of reasonableness of mark-ups and fees charged by vendors (see **Section 4.2.2**)
To determine whether the Ministry is meeting its deadlines for implementation of its new IT system and whether the new system is helping to reduce the amount of time required to process applications.	• The Ministry continued to recover overpayments from home oxygen vendors that continued to bill the Ministry after a client had died. • The Ministry indicated that discontinuation of oxygen therapy is the responsibility of the client's physician and is based on the physician's assessment of a client's medical needs. • The Ministry developed a policy that required regular reviews of claims and claim patterns for all device types. • The Ministry launched a new information system in June 2011 to detect abnormal claim patterns by generating regular reports on claim patterns, authorizer-vendor links, and patterns within device categories. • The Ministry identified and investigated unusual claim patterns, and tested claims samples from all device categories. • The Ministry strengthened its conflict-of-interest policy, which specified the process leading up to suspension and/or termination of contracts with vendors and authorizers after the Program identified a breach of contract. • The Ministry indicated that matters related to fraudulent billings by vendors had been referred to the Ontario Provincial Police.	• Ministry still only accepts hardcopy claims from vendors, resulting in unnecessary delays and potential errors (see **Section 4.3.3**)

2011 Recommendations of Standing Committee on Public Accounts (Committee)	Our 2011 Follow-Up on Implementation Status of 2011 Committee's Recommendation[3]	Relevant Findings from 2018 Audit
To determine whether the Program met its January 2011 deadline to begin making progress on eliminating its claims backlog and also determine the Program's progress in achieving its targeted six to eight week processing timeframe.	• The Ministry began to track claim processing times in September 2010 and found that since March 2011 claims for major device categories were processed within the approved service standard of six to eight weeks.	• Clients wait for devices while Ministry takes more than eight weeks to process almost half of all claims (see **Section 4.4.1**)
To assess whether the Ministry has implemented strengthened procedures to prevent and detect potential program abuses through increased auditing and monitoring of vendors and vendor billing patterns.	• The Ministry developed a policy that required regular reviews of claims and claim patterns for all device types. • The Ministry launched a new information system in June 2011 to detect abnormal claim patterns by generating regular reports on claim patterns, authorizer-vendor links, and patterns within device categories. • The Ministry identified and investigated unusual claim patterns, and tested claims samples from all device categories. • The Ministry provided risk management and fraud awareness training sessions in September 2010 to Program staff, and additional risk management training for new staff was scheduled in July 2011. • The Ministry will offer other training in future on an ongoing basis to provide Program staff with specific learning and training opportunities to improve verification and claims review. • The Ministry strengthened its conflict-of-interest policy, which specified the process leading up to suspension and/or termination of contracts with vendors and authorizers after the Program identified a breach of contract. • The Ministry indicated that matters related to fraudulent billings by vendors had been referred to the Ontario Provincial Police.	• Despite significant overpayments to vendors for ineligible claims, Ministry reduced oversight staff (see **Section 4.1.1**) • Ministry does not regularly follow up on vendors previously found to have submitted ineligible claims (see **Section 4.1.2**) • Staff not adequately trained to detect possible misconduct or fraud (see **Section 4.1.5**) • Limited proactive and rigorous review of unusual claim patterns and trends (see **Section 4.1.6**) • Ministry recovered almost nothing from vendors suspected of abusing the Program (see **Section 4.1.8**) • Home oxygen clients may not be offered a choice of vendors due to profit-sharing arrangement between vendor and hospitals that the Ministry continues to allow (see **Section 4.1.9**) • Ministry paying for resale of used devices for which it already paid (see **Section 4.3.1**) • Ministry does not always recover payments made to vendors after a client has died (see **Section 4.3.2**)

1. We selected and focused on our 2009 audit recommendations that are applicable and relevant to our 2018 audit.
2. We summarized key Ministry responses to our 2011 follow-up on the implementation status of our 2009 audit recommendations.
3. In March 2010, the Standing Committee on Public Accounts (Committee) held hearings on our 2009 audit and expressed similar issues we had identified. In August 2010, the Chair of the Committee wrote to the Deputy Minister, listing the Committee's specific concerns. In November 2010, the Ministry was called back for a follow-up hearing, and the Committee issued a report in May 2011. One of the Committee's recommendations asked our Office to follow up on its five areas of concern as noted above. Accordingly, as part of our follow-up work in 2011, we also reviewed the status of Ministry actions to address the Committee's concerns.

Appendix 4: Summary of Assistive Devices Programs in Canadian Provinces

Prepared by the Office of the Auditor General of Ontario

Province	Programs	Funding for Devices	Examples of Covered Devices	Main Eligibility Criteria
Alberta	Alberta Aids to Daily Living (AADL)	Funded, cost shared, some equipment is from pool (not new) • Clients pay 25% of cost to maximum of $500 per year • Cost share may be exempt for those with low incomes, are temporarily in extraordinary circumstances or for those requiring hearing aid • Seniors who receive prosthetic, orthotic, mastectomy prosthesis and eye prosthesis benefits through AADL program receive these at no cost • Not eligible if receiving benefits from another government, or insurance program (if not available from other program AADL may pay)	• Back and abdominal supports • Bathing and toileting equipment • Custom-made footwear • Hearing aids and FM systems • Homecare beds and accessories • Patient lifters • Prosthetic devices • Shoe elevations • Specialized seating devices • Speech generating communication devices • Walkers and walking aids • Wheelchairs – manual and power	• Resident with Alberta Health Care Insurance Plan card • Require assistance because of a long-term disability, chronic illness or terminal illness • Not eligible if receiving benefits from another government, or insurance program
British Columbia	Employment and Assistance (BCEA) Program: Medical Equipment and Devices	Either fully funded or co-pay • Ministry is payer of last resort • For income assistance and disability assistance clients, other resources may include other government programs or funding sources (for example, WorkSafeBC, Veterans Affairs Canada), private insurance, publicly subsidized residential care facilities (when it is the client's place of residence) • Co-funding may be considered when other resources, such as insurance, cannot pay the entire cost • Must have no resources available from the family unit for equipment	• Canes, crutches, walkers • Manual and power wheelchairs, wheelchair seating systems, scooters • Toileting, transfers, and positioning aids • Hospital beds and related items, pressure relief mattresses • Floor or ceiling lift devices	• Must be eligible for general health supplements • Financial eligibility to receive assistance (some assets are exempt) • 18+ years old • Have severe physical or mental impairment expected to continue for more than two years
	Employment and Assistance (BCEA) Program: Medical Equipment – Hearing Instruments		• Hearing instruments	• Must be eligible for general health supplements • Recipient involved in ministry-approved training or who, in opinion of Supervisor, requires instrument to obtain employment and where failure to provide represents a direct barrier to employment

Province	Programs	Funding for Devices	Examples of Covered Devices	Main Eligibility Criteria

	Employment and Assistance (BCEA) Program: Medical Equipment – Orthoses		• Ankle brace
			• Cranial helmet
			• Footwear – various
			• Hip brace
			• Knee brace
			• Torso or spine brace
			• Upper extremity brace
				• Must be eligible for general health supplements
				• Item is required for one or more of following purposes:
				  • to prevent surgery for post-surgical care
				  • to assist in physical healing from surgery, injury or disease

Manitoba	Employment and Income Assistance (EIA) for Persons with Disabilities	Supplied from pool, if device unavailable, can be purchased • Devices are funded, but up to guideline amounts • Devices not being paid by other programs (for example, Home Care or other plans)	• Hearing aids • Medical equipment and supplies • Mobility equipment (devices) not covered by other programs • Phones for health or safety reasons • Prosthetic and orthotic devices	• Must be 18+ • Live in Manitoba • Have a mental or physical disability that is likely to last more than 90 days and keeps person from earning enough money to pay for basic needs • In financial need – total cost of monthly needs and shelter cost more than financial resources
	Manitoba Community Wheelchair Program	Provided on a long-term loan from a pool • May order new chair if unavailable from pool for Employment and Income Assistance program Option to self-purchase limited selection of additional parts	• Manual and motorized wheelchairs	• Must be a resident of Manitoba with Manitoba Personal Health Identification Number • Have physical disability affecting mobility • Requires a wheelchair for a minimum of 6 months
	Insured Benefits Ancillary Programs – Prosthetic and Orthotic Program	Funded • Costs not being paid through other provincial or federal programs	• Limb and spinal orthotic devices • Limb prosthetic devices	• Must be Canadian citizen or have immigration status (as outlined in the *Health Services Insurance Act*) • Resident of Manitoba and resides in Manitoba for six months a year
	Insured Benefits Ancillary Programs – Telecommunications Program	Funded, partially • 80% of cost covered to maximum of $428 • $75 deductible • Costs not being paid through other provincial or federal programs	• Telecommunications equipment that allows telephone conversation via keyboard and terminal displa	• Must be Canadian citizen or have immigration status (as outlined in the *Health Services Insurance Act*) • Resident in Manitoba and resides in Manitoba for six months a year • Profoundly deaf or speech impaired

Province	Programs	Funding for Devices	Examples of Covered Devices	Main Eligibility Criteria
New Brunswick	Convalescent/ Rehabilitation Program	Loaned from a pool for as long as needed, or funded fully/purchased if unavailable from pool • Devices are owned by government and recycled and provided by Easter Seals • Devices and services must not be covered by other agencies or private health insurance plans	• Canes, crutches, walkers, gait trainers • Raised toilet seats, commodes • Tub transfer bench, bath benches and chairs, hand held showers, bath lifts, shower commodes • Hospital beds	• Individuals who have special health needs and qualify for assisted health care (Section 4.4 of the *Family Income Security Act* and Regulations) • Clients must have a valid white or yellow Health Services Card
	Wheelchair/Seating Program		• Manual wheelchairs • Power wheelchairs • Four-wheeled scooters	
	Hearing Aid Program	Funded, fully	• Hearing aids – various	
	Orthopedic Program	• Devices and services must not be covered by other agencies or private health insurance plans	• Specific custom fitted braces and supports • Custom made braces • Therapeutic and orthopedic footwear	
	Prosthetic Program		• Limb prostheses (arm, leg, foot) • Ocular prostheses (artificial eye) • Breast prostheses and one bra	
Newfoundland and Labrador	Special Assistance Program – Medical Equipment and Supplies	Funded, fully or cost shared • Fully funded on home support or income support, otherwise contribution is based on financial needs	• Basic medical supplies and equipment for activities of daily living in the community • Orthotics such as braces • Wheelchairs, commodes or walkers, bathroom aids, prosthetics and orthotics	• There is a financial needs requirement • Devices must be needed for a minimum of three months
	Income Support – Hearing Aid program	Devices are supplied	• Hearing Aids	• Students over age 17 attending secondary or postsecondary schools full time • Adults certified by the Department of Advanced Education and Skills as unable to pay

Province	Programs	Funding for Devices	Examples of Covered Devices	Main Eligibility Criteria
Nova Scotia	Disability Support Program	Funded	• Special request devices (for example, special clothing for mobility needs, orthotics, hearing aids and batteries)	• Applicants must have a valid Nova Scotia health card • 19 years or older (with exceptions) • Demonstrated financial need • Must also have an intellectual disability, an acquired brain injury, a long-term mental illness or a significant long-term physical disability
Ontario	Assistive Devices Program	Cost shared • Pay up to 75% of cost of equipment such as artificial limbs, orthopaedic braces, wheelchairs • Cover fixed amount for hearing aids	• Program covers over 8,000 pieces of equipment or supplies such as mobility aids, hearing aids and other devices	• Ontario resident with valid Ontario health card • Have physical disability of six months or longer (income is not considered) • There are specific eligibility criteria that apply to each device category
Prince Edward Island	Disability Support Program	Funded, cost shared • Recycled devices considered before new devices are funded. If a recycled device is not available then two quotes are needed. There are limits to the frequency of purchases of the devices • The program is co-paid by the client based on level of income and level of functioning. There is also a funding limit which is based on level of functioning	• Mobility aids • Bathroom aids • Communication devices • Hearing aids • Prosthetics and orthotics • Visual aids	• A resident of PEI, under age 65, and disabled

Province	Programs	Funding for Devices	Examples of Covered Devices	Main Eligibility Criteria
Quebec	Aides Techniques: Program for the Attribution of Walkers	Lent to the individual • No rental costs, is a 'no fee to the user' system	• The program covers walkers with a list of mandatory characteristics	• 18+, have a disability in any organic system that will result in a significant and persistent impairment, have a locomotion impairment, have sufficient strength in the upper limb to use the brakes effectively, and be autonomous to safely use the walker
	Aides Techniques: Program for the Attribution of Orthotic Footwear and Footwear Gear	Depending on the needs, some fees may apply • Orthotic shoe: $75 deductible • Commercial shoe adaptation/ modification: Shoe fees to be covered by the user • Adapted footwear cover: No deductible	• The program covers some footwear and feet orthotics	• Must have a disability and have congenital or growth abnormalities or secondary deformities as the result of an organic or neurological disease • Disabilities must result in a walking impairment that can only be accommodated with the daily use of an orthotic shoe
	Aides Techniques: Program for Aids of Daily Living	Lent to the users • No rental costs, is a 'no fee to the user' system	• The program covers various devices listed under different categories, such as devices used in the bedroom, washroom, and kitchen	• Must have motor, organic, intellectual or significant and persisting disabilities • Individuals are not admissible if they are covered by other programs; live in publicly funded residences; or are palliative-care patients
	Aides Techniques: Program for the Attribution of Three- and Four-wheeled Scooters	Funded	• Since there is a wide range of equipment offered on the market, there are no lists of the covered devices	• Must be 18+ and have a significant and persistent disability that impairs walking and getting around in a manual wheelchair • Must live at home or in a group home with fewer than nine residents • Must not be able to walk more than 30 metres, be able to transfer independently, and have the visual, perceptual, cognitive and physical capacity to drive the scooter • Must not require a specialized cushion and the condition must be permanent.

Province	Programs	Funding for Devices	Examples of Covered Devices	Main Eligibility Criteria
Saskatchewan	Saskatchewan Aids to Independent Living (SAIL): Prosthetics and orthotics program	Funded, cost shared or supplied • Must not be eligible to receive service from any other government agency.	• Orthotics • Prosthetics • Adaptive and specialized seating	• Be a resident of Saskatchewan with Saskatchewan Health Services Number • Specific criteria for types of devices; for example, orthotics/prosthetics must be prescribed by appropriate specialist; requires device for daily activities or prevention
	Saskatchewan Aids to Independent Living (SAIL): Mobility and Assistive Devices (Special Needs Equipment) Program	Loaned from a pool • Must not be eligible to receive service from any other government agency	• Wheelchairs and accessories • Walkers • Canes and crutches • Bathroom accessories • Transfer assists • Hospital beds and accessories	• Be a resident of Saskatchewan with Saskatchewan Health Services Number • People residing in a Personal Care Home (privately run) or a long- term care facility are not eligible • Patients in acute care facility are not eligible, except as part of a definitive discharge plan
	Saskatchewan Aids to Independent Living (SAIL): Aids to the Blind Program	Funded, cost shared or loaned • Must not be eligible to receive service from any other government service	• Low vision eyewear • Loan of white canes (identification, mobility and/or support), magnifiers and book playback machines	• Be a resident of Saskatchewan with Saskatchewan Health Services Number • Be referred by an optometrist, a physician specializing in ophthalmology or by a Low Vision Clinic • Require low vision aids or devices that are not exclusively for educational and/or employment purposes
	Saskatchewan Aids to Independent Living (SAIL): Paraplegia Program	Funded, cost shared or supplied • Must not be eligible to receive service from any other government service	• Specialized rehabilitation equipment (with prior approval)	• Be a resident of Saskatchewan with Saskatchewan Health Services Number • Have paralysis of all or most of lower limbs and trunk due to lesion or disease affecting spinal cord • Be referred by physiatrist (or other specialist physician) associated rehab centre.

Province	Programs	Funding for Devices	Examples of Covered Devices	Main Eligibility Criteria
	Supplementary Health Benefits: Hearing Services	Partially covered, but coverage is very limited	• Hearing devices	• Government wards • Inmates of provincial correctional institutions • Residents of special-care facilities who are eligible for Senior's Income Plan • Those enrolled in some income support programs

Note: Information on assistive devices programs is based on a 2017 study ("Access to Assistive Technology In Canada: A Jurisdictional Scan of Programs") published by AGE-WELL NCE (Aging Gracefully across Environments using Technology to Support Wellness, Engagement and Long Life Network of Centres of Excellence, Incorporated), which is a Canadian government-funded network, with authors from the University of Toronto and McMaster University. This study focused on device categories, including mobility, hearing, communication and visual aids as well as prosthetics and orthotics.