TO: Chair and Members
   Emergency & Community Services Committee

WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: October 6, 2010

SUBJECT/REPORT NO:
Funding Process and Purchasing Strategy for Custom Orthotics, Orthopaedic and Customized Footwear (CS10083) (City Wide)

SUBMITTED BY:
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Community Services Department

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SIGNATURE:

RECOMMENDATION

(a) That the Recommendations provided in the Gap Analysis, attached as Appendix A to Report CS10083, be approved.

(b) That staff be directed to implement the following:

   (i) The criteria for orthotic casting techniques required for funding approval;
   (ii) The minimum vendor warranty criteria required for funding approval;
   (iii) The vendor complaint process for funding approval;
   (iv) To develop criteria and establish a list of vendors who have been pre-qualified to receive payment by requisition from the City of Hamilton for its portion of the costs of orthotics, orthopaedic and customized footwear and that funding approval be restricted to vendors on that list; and,
   (v) To implement the Medical Exception Guidelines for funding.

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.
Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
EXECUTIVE SUMMARY

In 2009, the Special Supports Unit, of the Benefit Eligibility Division, initiated a comprehensive review of the processes and costs associated with the funding for orthotics, orthopaedic and customized footwear (hereafter referred to collectively as “Goods”).

The work included extensive consultation and analysis, as follows:
- Structured participant questionnaires;
- Identification of footwear/insert participants;
- Invoice Analysis;
- Vendor interviews;
- Interviews with governing associations; and,
- Municipal and Federal program comparisons.

A number of key performance issues and gaps were identified and are summarized as follows:
- Approximately 15% of Goods do not meet participant expectations; and,
- Since a participant is only funded every two years, if the Goods do not meet a participant’s needs (i.e. alleviate pain), the participant has limited recourse and is left wanting for the balance of that two-year period.

In order to improve these performance issues and eliminate gaps in the delivery of goods and services by vendors, criteria for vendor selection and standards for the Goods being delivered must be established.

Criteria addressed by Report CS10083 includes:
- Ensuring services are accessible;
- Appropriate assessments are undertaken;
- Approved casting methods are used;
- Warranties are available; and,
- Some form of recourse is available to participants, if they are not satisfied.

The cost of funding these Goods has been steadily increasing over the past five years. Approval process controls, specifically medical conditions that should not qualify for funding, need to be established.

Recommendations made in Report CS10083 do not impact the current financial cap, nor do they increase administrative or staffing costs. Implementation of recommendations and communication to clients, vendors, community stakeholders and referring medical professionals will begin once Council approval is received and detailed plans can be finalized.
FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: The adoption of these recommendations is expected to result in a projected savings of $100,000 (gross)/$80,988 (net) to the Community Services Department’s Operational Budget (Department IDs 671815, 671820 and 671825). These savings will be used to offset other program expense pressures in the Special Supports Unit.

Drivers of these savings are:
- The elimination of pes planus (also known as flat feet or fallen arches), as the primary medical condition for which Goods will be approved. Most flat feet do not cause pain or other problems for the individual. Rigid or painful flat feet require an evaluation by a health care provider and the treatment depends on the cause of the flat feet. Approval for Goods that address the underlying issues or complications associated with flat feet is not being removed as a result of the recommendations in Report CS10083; and,
- The change from General Physician to Orthopaedic Surgeon as a prescriber of Goods for children under the age of 14.

Staffing: There are no staffing implications associated with Report CS10083.

Legal: Legal Services has been consulted with respect to the vendor selection process to ensure that vendors appointed to the approved list meets Corporate Policy and recognizes operating procedures.

HISTORICAL BACKGROUND

Benefit Eligibility Division’s Special Supports Unit contributes funding on behalf of participants in Ontario Works (OW), Ontario Disability Support Program (ODSP) and Low-Income (LI) individual citizens that meet eligibility criteria for the purchase of:

- Orthotics (devices that are inserted into footwear to support/improve the function of the foot);
- Orthopaedic footwear (off-the-shelf footwear that have specific features outlined by the Pedorthic Association of Canada); and,
- Customized footwear (custom manufactured footwear that are designed to correct specific deformities of the foot and orthotics).

Funding criteria for Goods requires a participant to obtain a prescription that identifies the Goods as being necessary to address a medical condition for which funding is available; however, the content of the prescriptions received often is informal and does not clearly identify the medical condition for which the Goods are being prescribed.
The current list of vendors comprises all vendors within the City who are registered with an industry accepted college, regardless of the quality of the Goods that they provide, assessment techniques, casting methods or their ability to meet participants’ needs, including providing a warranty for their Goods.

The projected cost to the City for Goods in 2010 is approximately $575,000, a figure which has risen by 30% since 2007.

As a result of the above, a review of this Program was initiated in July 2009. The key objectives of the review were to:
- Standardize the approval criteria for each type of Goods;
- Identify standards for vendors; and,
- Reduce total expenditures by 10% while increasing the quality of the Goods and service provided by vendors.

A file review was conducted over a three-month period, with respect to requests for Goods, which provided the following information:
- Each month, between 78 and 96 requests are received;
- Each month, $25,000 to $45,000 of funding for Goods is approved;
- Seventy-five percent of requests are originated by a physician prescription;
  - Twenty percent of requests contain a prescription that does not specify the reason for the Goods (no diagnosis, prescriptions were unreadable or pain was unspecified).

- When a medical diagnosis was provided, the following accounted for approximately 70% of requests approved:
  - Pes Planus (flat feet) - approximately 25% or $125,000 gross and 5% or $25,000 gross provides Goods to children
  - Plantar Fasciitis (pain in the heel and arch)
  - Metatarsalgia (pain in the ball of the foot).

**POLICY IMPLICATIONS**

Changes to the Special Supports Unit’s Policies and Procedures will be required as a result of the recommendations of Report CS10083. Additionally, an exemption from the Purchasing Policy is required as the Goods that are funded by this Program are not an identified exemption within the Purchasing Policy.

**RELEVANT CONSULTATION**

- Community Services Department, Strategic Services Division - prepared Report CS10083 and gathered research through telephone surveys with participants and
environmental scans and telephone interviews with vendors, governing associations, and public and private sector organizations;

- Finance and Corporate Services Department, Budgets and Finance Division, Finance and Administration Section - reviewed the Financial Implications of Report CS10083 and advised that both gross and net dollar savings should be included;
- Finance and Corporate Services Department, Financial Services Division, Purchasing Section - advised that an exemption from the Purchasing Policy will be required as the Goods that are funded by this Program are not an identified exemption within that Policy;
- City Manager’s Office, Legal Services Division - provided their expertise with respect to the vendor selection process to ensure that vendors appointed to the approved list meet Corporate Policy and recognize operating procedures; and,
- Public Health Services Department - provided relevant peer-reviewed articles and literature.

Participants Consulted:

- OW participants and family members;
- ODSP participants and family members; and,
- Eligible LI citizens.

Vendors Consulted:

- Hamilton Family Foot Care;
- The Mayer Institute;
- C&DC;
- The Orthotic Centre;
- Bio Ped; and,
- Ambulatory Footwear.

A cross-section of vendors, representing varying medical professions, as noted above, was selected to participate in a telephone interview and/or an environmental scan.

Governing Associations Consulted:

- Pedorthic Association of Canada;
- Canadian Board for Certified Prosthetists and Orthotists;
- The College of Pedorthics of Canada;
- College of Chiropodists of Ontario; and,
- The American College of Foot & Ankle Orthopedics & Medicine.

The governing associations, listed above, were contacted as part of an environmental scan to better understand professional requirements.

Public Sector Organizations Consulted:

- University Medical Centre Groningen;
- City of London;
- City of Toronto; and,
- Health Canada.
Public sector organizations were contacted for research purposes or as a means of program comparison.

Other Private Sector Organizations Consulted:
- Sun Life Financial; and,
- Manulife Financial.

Other private organizations were contacted as a means of comparing approval processes.

### ANALYSIS / RATIONALE FOR RECOMMENDATION

A profile of participants and the types of Goods that were being funded was developed to enable solution development and to ensure that recommendations were based on an understanding of who received the Goods and what features were required to meet participants’ needs.

Based on 2008 data:
- ODSP participants accounted for approximately 82% of the yearly cost of Goods funded;
- The purchase of orthotics accounted for approximately 70% of the yearly cost of Goods funded;
- Approximately 76% of participants are repeat users of this specific type of funding;
- Approximately 15% of participants are not satisfied with the Goods (i.e. “Does not have shoes that fit the orthotics, therefore is not using them”); and,
- Twenty-five percent of participants had to return to the vendor after the fitting visit for further adjustments.

Based on responses received to the participant questionnaires, an understanding of basic and value added vendor characteristics were identified and are listed below:

**Basic characteristics:**
- Goods have to perform;
- Adjustments, if necessary, should be timely and convenient to the participant (many participants have limited mobility/transit options);
- Prices quoted need to be adhered to; and,
- Available, knowledgeable vendor staff.

**Value added characteristics:**
- A wider range in hours and days of operation;
- Free parking; and,
- A greater selection of orthopaedic footwear within the financial cap (<= $150.00).
A review of vendor capabilities, professional standards and eligibility requirements was undertaken. Vendor information that directly impacts on the recommendations is listed below:

- Only chiropodists, podiatrists, pedorthists and certified orthotists offer a formal arbitration, complaint and/or grievance process that ensures vendor accountability and participant protection. Private insurance carriers restrict their approval of payment for Goods under their plans to these medical professions;
- Approximately 25% of Goods approved were fulfilled by one (1) vendor;
- Approximately 70% of Goods approved were fulfilled by eight (8) vendors; and,
- A vendor may be restricted as to what type of footwear/inserts can be sold. Vendors may have on-site manufacturing, off-site manufacturing or use a third-party manufacturer.

A detailed Gap Analysis, outlining additional rationale, (see Appendix A to Report CS10083) was conducted resulting in recommendations for Council’s approval.

**ALTERNATIVES FOR CONSIDERATION**

None.

**CORPORATE STRATEGIC PLAN**


**Skilled, Innovative & Respectful Organization**
- More innovation, greater teamwork, better client focus

**Financial Sustainability**
- Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost-effective manner

**Growing Our Economy**
- An improved customer service

**Social Development**
- Residents in need have access to adequate support services

**Healthy Community**
- An engaged Citizenry
APPENDICES / SCHEDULES

Appendix A to Report CS10083: Custom Orthotics, Orthopaedic and Customized Footwear Gap Analysis
## CUSTOM ORTHOTICS, ORTHOPAEDIC & CUSTOMIZED FOOTWEAR
### GAP ANALYSIS

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<th>RECOMMENDATIONS</th>
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<td>No specifications with regards to orthotics casting technique.</td>
<td>That the following criteria for orthotic casting techniques required for funding approval, be adopted.</td>
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<td>It is widely accepted in both the research and clinical literature that a three-dimensional model of the foot is required to fabricate a truly custom made device. A functional orthotic can control the function of the foot and prevent the development of abnormal forces and subsequent deformities. Common causes for the need of functional orthotics are structural weaknesses or deformities, most often inherited or acquired through trauma. The accommodative foot orthotic is usually prescribed for patients for whom a functional orthotic is not appropriate. Common causes for an accommodative orthotic are complications as a result of a systemic disease, such as diabetic and arthritic lesions, or patients who cannot handle biomechanical type orthoses due to congenital malformations, restriction, and lack of foot and leg motion or neuromuscular dysfunction. Having your footprint taken on an inkpad, pressure pad, contour apparatus, heated mould or using your shoe size to provide a prefabricated insole is not considered casting and does not qualify as custom-made. Health Canada does not approve funding for foot products unless manufactured from laser or optical scanning or computerized gait and pressure analysis systems.</td>
<td><strong>Criteria:</strong> For a functional orthotic, specify the use of non-weight bearing plaster-of-paris casts, non-weight bearing Synthetic Tubular Sock (STS) slipper casts, contact digitizing or three-dimensional non-weight bearing scanning. For accommodative orthotics, add semi-weight bearing foam box casting. Further tests, such as a weight bearing radiographic examination, ultrasound or an examination with pressure testing equipment, such as F-Scan® or Pedar®, may also be required. It is important to remember that the quality and efficacy of the orthotic is totally dependent upon the accuracy and precision of the cast.</td>
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Supported by:
- The Standards of Practice for
## GAPS

Chiropodists and Podiatrists Pedorthic Association of Canada;
- Private insurance carriers; and,
- Industry peer reviewed articles.

Non Insured Health Benefit Program manufacturer/vendor warranty includes:
- A minimum warranty based on the specific orthotics, orthopaedic and customized footwear (hereafter referred to collectively as “Goods”); and,
- During the warranty period, repairs or replacements are at no charge; and,
- During the warranty period, where there is repeated failure of Goods, the Goods should be replaced at no charge.

During the vendor interviews, specifics were gathered regarding warranties and guarantees:
- Warranties typically covered manufacturers’ defects only;
- Orthotics were warranted for a period ranging from two (2) to five (5) years; and,
- Orthopaedic footwear were warranted for a period of up to one (1) year.

Based on the survey results, 10% of respondents experienced pain or discomfort with the Goods received and therefore discontinued use.

## RECOMMENDATIONS

That the following minimum vendor warranty criteria required for funding approval, be adopted.

**Criteria:**

**Orthopaedic Footwear:**
- Minimum thirty (30) day full refund policy applicable to both the City’s portion of the funding and any amounts paid directly to the vendor by the participant where the participant’s situation has changed and footwear is unable to be worn.
- In these situations, the participant will remain eligible under the Program, to purchase replacement Goods; and,
- One (1) year warranty.

**Orthotics:**
- Minimum three (3) year warranty.

**Customized Footwear:**
- Minimum five (5) year warranty.

**Repairs/Replacement of Goods:**
- The vendor will provide any service including the repair or replacement of the Goods or any components free of charge; and,
- Where there is repeated technical failure of the Goods, the Goods shall be replaced by the vendor at no cost.

Vendors are required to establish an after-sales support service that includes education and care for the Goods.
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| **After-Sales Support Service:**  
- Vendors are required to establish an after-sales support service that includes education and care for the Goods; and,  
- Vendors are required to engage in planned follow-up with participants to ensure that the Goods meet the participant’s expectations and the outcomes as prescribed by their physician. | **Limited means for participant complaint and recourse.**  
Only certain professions offer a formal means of resolving participant complaints against vendors either as a prescribed process for complaints/grievances or as recourse through their licensing of the vendor.  
That the following vendor complaint process for funding approval containing the minimum criteria be adopted.  
**Criteria:**  
- Documented complaint process that includes identifying:  
  ▫ How complaints will be addressed;  
  ▫ What happens if a complaint cannot be addressed;  
  ▫ What are the possible outcomes from the complaint process;  
  ▫ Limitations of the complaint process;  
  ▫ Timelines for steps within and completion of the complaint process; and,  
  ▫ How information gathered will be used and maintained. |
| **Vendor selection is not based on the quality of service or Goods.** | **Criteria are developed to establish a list of vendors who have been pre-qualified to receive payment by voucher from the City of Hamilton for its portion of the costs of these Goods and that funding approval be restricted to vendors on that list.**  
Such criteria is to include ensuring that a vendor:  
- Meets appropriate accessibility standards;  
- Uses needs-based and appropriate
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<td>No medical criteria guidelines currently exist.</td>
<td>assessment techniques;</td>
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<td>The Special Supports Unit will be initiating a new approach in the approval process with regards to prescribers and prescriptions starting October 2010.</td>
<td>▪ Uses required casting techniques;</td>
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<td>The Special Supports Unit will only accept prescriptions from physicians and that the prescriptions must:</td>
<td>▪ Is able to deliver Goods when and as promised;</td>
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<td>▪ Define the problem (approximately 20% of prescriptions have an unspecified diagnosis);</td>
<td>▪ Offers required warranties;</td>
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<td>▪ Describe the effect the problem has on the participant;</td>
<td>▪ Has a complaint process;</td>
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<td>▪ Specify the desired outcome of the good; and,</td>
<td>▪ Provides required education and after-sales support service; and,</td>
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<td>▪ Provide any other directions for the manufacturer.</td>
<td>Which includes a method for:</td>
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<td>Approximately 25% of all approvals in 2008 are for pes planus (flat feet/fallen arches). Evidence from Health Canada and organizations that govern professions associated with foot care indicate that most cases of flat feet do not result in pain for the individual. In cases where pain</td>
<td>▪ The addition and removal of vendors from the list;</td>
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<td>▪ A right of appeal from decisions relating to adding or removing vendors from the list; and,</td>
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<td>▪ Requiring vendors to demonstrate ongoing compliance.</td>
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Medical Exception Guidelines:

- Exclude pes planus in and of itself as a medical condition warranting goods. Goods that address underlying issues or complications sometimes associated with pes planus can still be approved;
- Exclude children under the age of fourteen (14), unless prescribed by an Orthopaedic Surgeon;
- Exclude off-the-shelf athletic shoes, i.e. athletic shoes that contain orthopaedic features for over the age of 14 or other non-orthopaedic off-the-shelf shoes, sandals, and boots; and,
- Specify that orthopaedic footwear must be medically necessary for daily use.

In general, documented medical criteria should include:

- Anatomical deformities;
- Vascular impairment; or
## GAPS

- Orthotics and orthopaedic footwear prescribed for flat feet often do not relieve symptoms as they do not address the underlying issue causing the pain.

- Approximately $125,000 (gross) was spent in 2008 on orthotics or orthopaedic footwear to address pes planus by the City of Hamilton’s Special Supports Unit. Approximately 5% or $25,000 gross provides Goods to children.

- The City of Toronto does not fund the purchase of orthopaedic footwear for the diagnosis of pes planus or osteo-arthritis. Most flat feet do not cause pain or other problems. Rigid or painful flat feet require evaluation by a health care provider. The treatment depends on the cause of the flat feet.

- The City of Toronto also requires that any requests for orthotics for persons under the age of fourteen (14) must be accompanied by a prescription from an orthopaedic surgeon. Children grow quickly, the value of an orthotic or footwear would be limited by the duration that the device could be worn. Orthotics can be prescribed for children over the age of six (6) for pes planus but there is no evidence to suggest that children with flat feet are not performing as well as children without flat feet. Most flat feet do not cause pain or other problems.

- Health Canada and London do not approve funds for therapeutic and/or orthopaedic footwear off-the-shelf.

## RECOMMENDATIONS

- Neuropathy.

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