TO: Chair and Members
Emergency & Community Services Committee

WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: May 13, 2013

SUBJECT/REPORT NO:
2013 Pressures Related to Discretionary Benefits (CS13009(a)) (City Wide)

SUBMITTED BY:
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SIGNATURE:

RECOMMENDATION

(a) That one-time municipal funding in the amount of up to $258,138 be provided from the Community Services departmental surplus, Social Services Initiative reserve, or any combination thereof to maintain the current levels for Discretionary Benefits for the period of July 1 to December 31, 2013;

(b) That the General Manager of Community Services, or designate, continue to be authorized to implement spending caps, benefit frequency limits or other controls necessary to ensure costs are contained within the approved budget amounts; and,

(c) That staff be directed to report to the Emergency & Community Services Committee on October 8, 2013, with an update regarding measures taken to contain discretionary benefit costs in 2013 and recommendations for the 2014 budget.
EXECUTIVE SUMMARY

Effective July 2012 provincial funding for Discretionary Benefits was capped at $10 per social assistance case. Discretionary Benefits include health and non-health items such as: emergency adult dental services; dentures; vision care for adults; mobility aids; orthotics; cribs and baby supplies; transportation assistance; hearing aids; and funerals and burials/cremations. The capping of these benefits resulted in a funding pressure for the City of Hamilton.

Hamilton City Council approved a motion on November 14, 2012 authorizing one-time funding to maintain current service levels for Discretionary Benefits for the first six months of 2013. Funding for the continued operation for the balance of the 2013 transition year was to be referred to the City of Hamilton’s 2013 budget deliberations with consideration of 2013 Ontario Works upload savings and/or Hamilton Future Fund as possible funding options for the second six months of the year.

Council also approved a motion that directed staff to implement spending caps, benefit frequency limits or other controls necessary to ensure Discretionary Benefit costs were contained within the approved budget amounts.

On February 14, 2013, staff reported to the General Issues Committee that efforts would be taken over the months leading up to June 2013 to develop strategies to control Discretionary Benefit costs and identify options for potential cost reductions while maintaining service levels. This report provides an update on these efforts and the recommendation that further funding be approved for the balance of 2013 to allow staff time to continue the detailed analysis of the program necessary to develop recommendations for the 2014 budget.

Alternatives for Consideration – see page 9

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial:
Funding required to continue delivering the current level of Discretionary Benefits from July 1 to December 31, 2013 is $258,138 (net). It is recommended that this be funded through Community Services departmental surplus, Social Services Initiative reserve or any combination thereof.

Staffing:
There are no staffing implications associated with Report CS13009(a).
Legal:
There are no legal implications associated with Report CS13009(a).

HISTORICAL BACKGROUND

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

Discretionary Benefits are provided on a case-by-case basis to Ontario Works (OW) and Ontario Disability Support Program (ODSP) recipients who have a need for supports that are not considered mandatory under the Ontario Works Act. These benefits include both health and non-health related items. Municipalities across Ontario offer a different range of items in their Discretionary Benefits programs depending upon local needs and priorities. In the City of Hamilton, Discretionary Benefits provide assistance with a range of items including: emergency dental services and vision care for adults, prosthetic appliances, orthotics, funerals/burials, cribs, layettes, car seats, utilities arrears and transportation. Additionally, in the City of Hamilton Discretionary Benefits are provided to qualifying low income residents as well as social assistance recipients.

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

To remain within the Provincial funding cap for Discretionary Benefits without increased municipal contributions, staff presented recommendations to Emergency and Community Services Committee on November 1, 2012 to reduce the number of services and/or the level of services provided. On November 14, 2012 Hamilton City Council approved a motion for one-time funding to maintain the program’s current levels until June 30, 2013 and directed staff to develop strategies to control costs and identify options for potential cost reductions while maintaining service levels.
POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS

Recommendation (b) of Report CS13009(a) provides the General Manager of Community Services department (or designate) the authority to implement controls such as total spending caps, waiting lists, extended periods between benefit claims from the same client, or other policies and procedures needed to ensure that the discretionary benefit program operates within the budget approved by Council.

Many Discretionary Benefits are provided through contracts negotiated with third party service providers via the procurement process (e.g. Requests for Tenders/Quotes). Changes made to the provision of Discretionary Benefits may impact how these contracts are negotiated, administered and renewed; therefore, contracts have been extended pending the outcome of the review of Discretionary Benefits.

RELEVANT CONSULTATION

The Community Services Department, Benefit Eligibility Division, Employment & Income Support Division and Housing Services Division all utilize Discretionary Benefits when working with their clients. Feedback and suggestions were incorporated from these divisions in the formulation of the recommendations.

The Corporate Services Department, Treasury Services Division, Finance and Administration Section and Financial Planning and Policy Division were consulted regarding the financial information in this report. The Procurement office was consulted regarding possible ways to control costs by leveraging purchasing power (see analysis and rational for recommendations below).

Public Health Services, Clinical and Preventive Services, were consulted regarding the impact of the changes to dental benefits and feedback was incorporated into the formulation of the recommendations.

Community stakeholders including service providers (e.g. adult day program providers) were consulted regarding the impact of possible changes to the level of Discretionary Benefits provided and potential opportunities for alternative service delivery models. The results of this consultation are summarized in the analysis and rationale for recommendations below.

Comparable municipalities were consulted in the preparation of this report to investigate opportunities to reduce costs while maintaining service as well as to compare levels of service provision. The results of this consultation are summarized in the analysis and rationale for recommendations below.
ANALYSIS / RATIONALE FOR RECOMMENDATION

Efforts Taken to Control Discretionary Benefit Costs:

To control Discretionary Benefit costs, staff are making changes to both the emergency dental benefit fee schedule and the denture benefit fee schedule and approval process. Staff are also developing a tracking system to better monitor the approval and payment of Discretionary Benefits. The following paragraphs provide greater detail regarding these efforts.

Changes to Emergency Dental Benefits Fee Schedule

As directed by Council in November 2012, staff implemented a change to emergency dental benefits for OW adults, ODSP dependent adults and low income residents in an effort to keep costs within budget. Specifically, effective January 1, 2013, the fee schedule used for Adult Emergency Dental Services provided to OW adults, ODSP dependant adults and low-income adult residents was harmonized with the fee schedule used by the Province for dental services provided to ODSP adults and OW children, which is of approximately 60% of the Ontario Dental Association fee guide.

Staff are also modifying the emergency dental benefit fee schedule to limit funding for white (composite) fillings versus silver (amalgam) fillings for back (posterior) teeth. White fillings for back teeth will only be funded at the silver filling rate (fee). It is expected that the updated fee schedule will be distributed to dentists by June 2013 and that it will further ensure that emergency dental benefit expenditures are controlled.

Emergency dental benefit expenditures will continue to be monitored and a complete analysis will be conducted with the results being included in the report to the Emergency and Community Services Committee in October 2013.

Changes to the Denture Benefit Fee Schedule and Approval Process

Staff are modifying the fee schedule and approval process for denture benefits. The modified denture benefit fee schedule will limit funding for single dentures. For example: presently the City provides upper dentures funded at $617 and lower dentures at $759 for a total of $1,376 and has a combination fee (upper/lower) at $963. Effective June 1st, 2013, single upper dentures will be $453 and lower dentures $510 to align with the combination fee of $963.

It is expected that the updated fee schedule will be distributed to dentists and denturists by June 2013. Also, effective June 1, 2013, Public Health staff who administer emergency dental benefits will begin administering denture benefits as well. Requests for these benefits will continue to be subject to a preauthorization process however,
they will now be clinically reviewed to ensure that they are consistent with a sound plan for long-term dental health.

It is expected that adding clinical review to the preauthorization of denture benefits combined with changes to the fee schedule will ensure that denture benefit expenditures are controlled. Denture benefit expenditures will continue to be monitored and a complete analysis will be conducted with the results being included in the report to the Emergency and Community Services Committee in October 2013.

Tracking

To effectively control costs going forward, staff are developing an improved tracking and monitoring system for all Discretionary Benefits. The system will track benefit-specific expenditures as well as commitments. This will provide staff enhanced data to more effectively track costs and identify trends. It is expected this system will be completed and implemented in 2013.

Financial Impacts of Discretionary Benefit Cost Control Efforts:

It is projected that the changes to the dental and denture benefit fee guides, combined with the addition of clinical reviews to the preauthorization process for denture benefits will result in a reduction in the amount of municipal contribution needed to maintain Discretionary Benefit service levels from July 1 to December 31, 2013. If no efforts were made to control costs the municipal contribution needed to maintain service levels would be $1,784,050. Instead, the amount needed to maintain service levels for the last six months of 2013 is $258,138.

Opportunities to Further Reduce Discretionary Benefit Costs without Impacting Services or Service Levels:

Tendering

Staff are developing requests for tenders for the supply of orthotics and dentures. While having these benefits provided by a single provider would reduce client choice and may have an impact on local business providers, expenditures for these benefits have been increasing year over year. It is expected that a competitive bid process would realize savings while maintaining service levels.

Staff are also reviewing the possibility of partnering in the tendering process for medical supplies and mobility equipment. Partnering with other departments within the City and/or other municipalities could present an opportunity to leverage purchasing power for items that are delivered by all parties.
The results of these efforts will be reported to the Emergency and Community Services Committee in October 2013.

Interviews with Comparable Municipalities

Staff met with representatives from Brantford, Ottawa, Kingston, Niagara, London and Windsor either in person or via teleconference. Specific information was sought concerning: what steps, if any, had been taken to control costs; what opportunities had been identified and pursued to reduce costs; what impact did any steps taken have on the overall cost per social assistance case; what additional 100% municipal funding had been provided; and, specific to dental, what mechanisms were in place to control costs.

The findings from these interviews are still being analyzed; however, some initial conclusions can be drawn:

- Each municipality delivers a different array of benefits to meet the specific needs of their community. The level of service (the amount of funding provided, who can receive funding, and how often it is provided) is reflective of the community’s needs and the approach of local leadership to meet those needs.

- Some municipalities were already operating under or near the cap of $10 per social assistance case. These municipalities have been offering a more limited array of benefits, providing less funding for specific benefits, or placing greater restrictions on who can access benefits and how often.

- Two municipalities were operating over the cap but have taken steps to reduce costs by reducing or eliminating services. The roadmap taken to determine what benefits to reduce/eliminate and by how much was the same in both municipalities: Council provided the mandate (e.g. how much municipal contribution would be allocated), and staff developed the priorities for funding (e.g. health versus non-health related) and restructured service delivery to stay within that mandate.

- All municipalities are currently monitoring the costs of delivering Discretionary Benefits to ensure that they are operating within the funding cap. It is too early to tell if changes to discretionary benefit delivery have had a significant impact on overall cost.

Staff will continue to analyze the findings from the interviews and will maintain contact with comparable municipalities, looking to identify opportunities for cost savings going forward. The results of this analysis will be reported to the Emergency and Community Services Committee in October 2013.
Collaborating with Other Funders and Service Providers

Staff are engaging with service providers in the community regarding alternative sources of funding and streamlining processes to realize greater accountability and efficiency in the delivery of benefits such as the funding of user fees for adult day programs and costs for prosthetics above those covered by the Assistive Devices Program funded through the Ministry of Health and Long-Term Care (MOHLTC). These discussions are ongoing and staff will continue to collaborate with service providers and funders to identify opportunities for efficiencies and cost savings. The results of these efforts will be reported to the Emergency and Community Services Committee in October 2013.

Exploration of Alternative Emergency Dental Service and Denture Delivery

Staff are exploring alternative delivery methods for emergency dental services including: having Public Health staff, who administer emergency dental benefits, pre-authorize all requests for dental benefits (in addition to preauthorizing requests for denture benefits); having all emergency dental services delivered by a City-run dental clinic; and/or, having benefits and claims administered by a third-party benefits and claims management provider. The current business model will be reviewed and compared to alternatives in terms of cost and customer service. This data will be used by staff to determine any changes that would realize savings. Results of this analysis will be reported to the Emergency and Community Services Committee in October 2013.

Working with the Hamilton Roundtable for Poverty Reduction

As previously stated, many of the Discretionary Benefits are issued for health-related reasons. Consequently, the reduction in funding for Discretionary Benefits as a result of changes to the funding formula will impact benefits accessed by social assistance recipients and low-income residents to address health needs. Staff are working with the Hamilton Roundtable for Poverty Reduction’s Health Benefits Subcommittee to develop a proposal for universal supplementary benefits to address such needs as health and housing. An update concerning the results of these efforts will be reported to the Emergency and Community Services Committee in October 2013.

ALTERNATIVES FOR CONSIDERATION

Council may direct staff to operate within the cap of $10 per social assistance case by following recommendations (a) through (d) in report CS12020(b) 2013 Proposed Discretionary Benefits Budget Options. In order to operate within the cap, many items currently funded within the discretionary benefit schedule will have to be eliminated or significantly reduced.
Financial:
Operating within the cap would mean that additional municipal investment beyond the municipal share (14.2%) would not be required for the six month period beginning July 1, 2013.

Staffing:
This alternative would require further review of the staffing levels within the Community Services areas and in other City of Hamilton departments.

Legal:
There are no legal implications associated with this alternative.

ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:

Strategic Priority #1
A Prosperous & Healthy Community

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

Strategic Objective
1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

Strategic Priority #2
Valued & Sustainable Services

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

Strategic Objective
2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
2.3 Enhance customer service satisfaction.

Strategic Priority #3
Leadership & Governance

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

Strategic Objective
3.1 Engage in a range of inter-governmental relations (IGR) work that will advance partnerships and projects that benefit the City of Hamilton.
3.4 Enhance opportunities for administrative and operational efficiencies.
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