
MINISTRY OF HEALTH AND LONG-TERM CARE

4.10—Assistive Devices and Home Oxygen Programs

(Follow-up to VFM Section 3.10, 2001 Annual Report)

BACKGROUND

The Assistive Devices Program and the Home Oxygen Program are administered by the Operational Support Branch of the Ministry of Health and Long-Term Care. According to the Ministry, the objective of both programs is to “financially assist Ontario residents with long-term disabilities to obtain basic, competitively priced, personalized assistive devices appropriate for the individual’s needs and essential for independent living.” Both programs are funded under the *Ministry of Health Act*.

During the 2002/03 fiscal year, the Ministry provided financial assistance totalling approximately \$214 million to 193,000 individuals. The Ministry also provided approximately \$8.5 million to transfer-payment agencies for services relating to assistive devices. During the 2000/01 fiscal year, the Ministry provided financial assistance totalling approximately \$184 million to 176,000 individuals. It provided approximately \$8 million to transfer-payment agencies for services relating to assistive devices.

At the time of our 2001 audit, we found that the Ministry did not have adequate procedures to ensure that it was paying the best prices for assistive devices acquired. Specifically, we noted that:

- Ministry-initiated independent research indicated that 41% of approved renewals for home oxygen met no eligibility criteria for receiving ministry-funded home oxygen. Reducing this number by one-half could have saved the Home Oxygen Program over \$5 million annually.
- The Ministry could have saved in the order of \$3 million to \$5 million annually if home oxygen vendors were paid the same price as vendors were paid in Alberta.
- For three types of commonly purchased wheelchairs, the Ministry could have saved approximately \$1.9 million annually if it paid the same price as Quebec paid for these wheelchairs.

The Ministry generally had adequate procedures in place to ensure that claims were properly approved, processed, and paid but needed to improve its procedures for measuring and reporting on the effectiveness of the programs.

We had made a number of recommendations for improvement and received commitments from the Ministry that it would take corrective action.

CURRENT STATUS OF RECOMMENDATIONS

According to information obtained from the Ministry, the Ministry has taken some action on all of the recommendations we made in our *2001 Annual Report*. The current status of each of our recommendations is as follows.

MANAGEMENT OF RESOURCES

Home Oxygen Program—Eligibility—Oximetry Tests

Recommendation

To help ensure that funding for home oxygen is provided only to individuals who meet the Ministry's eligibility criteria, the Ministry should:

- *assess whether blood gas tests should be used rather than oximetry tests;*
- *assess whether to retest home oxygen recipients earlier than a year from the time an individual begins receiving home oxygen; and*
- *establish clear criteria, guidelines, or definitions to address situations where individuals are experiencing low oxygen levels during exercise or sleep.*

Current Status

At the time of our follow-up, the Ministry indicated that:

- New applicants to the Home Oxygen Program who are 19 years of age or older must have a blood gas test performed to show that they need oxygen therapy. At 90 days and at 15 months after the use of home oxygen has started, the need for oxygen must be reassessed. At each stage, an oximetry test must be done to confirm the continued need for oxygen therapy.
- The Medical Criteria Task Force, which reports to the Respiratory Services Standing Committee established by the Ministry, made recommendations for establishing a reliable, standardized endurance protocol for exercise hypoxemia. In response, the Home Oxygen Program was working with the Task Force to determine specific eligibility criteria based on this protocol and plans to establish and communicate the new policy to stakeholders by fall 2003.
- The Medical Criteria Task Force has agreed that further investigation and research is required to determine the implications of nocturnal hypoxemia. If patients spend 30% or more of the night with reduced oxyhemoglobin saturation, this may merit funding for home oxygen. However, the recommendation from the Respiratory Services Standing Committee was that funding for nocturnal hypoxemia should not be made available at this time.

Ostomy Grants

Recommendation

To ensure that payments for ostomy supplies over the maximum amount are warranted, the Ministry should, at a minimum, assess the current needs of individuals receiving significantly more funding than the current maximum grants.

Current Status

At the time of our follow-up, the Ministry indicated that it has contracted with an organization to undertake an assessment of individuals receiving significantly more funding than the current maximum grants. A survey tool for the assessment has been approved, and the Ministry expects that a summary report will be available in summer 2003.

Replacement Devices

Recommendation

To better ensure that devices are only replaced when justified, the Ministry should review the reasonableness of its established replacement periods, particularly for those devices that are often being replaced early.

Current Status

At the time of our follow-up, we were informed by ministry staff that effective March 31, 2002 four standing committees organized for the four medical device categories—Prosthetics and Orthotics; Respiratory Services; Sensory; and Wheelchair, Positioning and Ambulation Aids—were operating. Each committee comprises representative vendors, manufacturers, health care professionals, and consumers, and their role is to provide policy advice on various issues, including eligibility. The four standing committees will also be asked to advise on the appropriateness of current replacement periods.

As well, the Assistive Devices Program was establishing a project to analyze the actual replacement time periods for hearing aids.

Computer Purchases

Recommendation

To help ensure that the Assistive Devices Program is paying competitive prices for computer equipment, the Ministry should:

- *pay only for approved devices;*
- *review the approved amount and pay only what is necessary; and*
- *ensure clients provide, at a minimum, one price quotation from the ministry-funded equipment pool or another supplier.*

Current Status

At the time of our follow-up, the Ministry indicated that:

- The Ministry now had, in its procedures for approving invoices, all of the necessary checks for ensuring that only approved computers to be used for communication aids or aids for the visually impaired are paid for and that approvals are given only for what is necessary.
- The Assistive Devices Program's Finance and Audit unit was verifying invoices submitted to the Program, following payments, to ensure that vendors were following program policies. Unit staff began site visits with selected vendors commencing in September 2002.
- The Ministry had completed a pricing framework for assistive devices, including computer equipment, and it had hired a consulting firm to complete a pricing review to ensure that prices listed for products were competitive.
- The policy for communication aids and visual aids now clearly requires that clients submit at least two price quotations when an equipment pool or registered vendor is not used.

Approval of Devices for Coverage

Recommendation

To help ensure that only appropriate devices are funded under the Assistive Devices Program, the Ministry should document procedures for the inclusion of all new devices in each category in the Program's catalogue.

Current Status

The Ministry has updated procedures for adding and removing devices from the catalogue and has posted them on the ministry Web site to provide clear policy information for stakeholders. The Ministry advised us that, at the time of our follow-up, these procedures were being followed and that Assistive Devices Program staff were working to update all policy manuals, which would then be posted on the Program's Web site.

Pricing—Home Oxygen Program

Recommendation

To better ensure that the prices it is paying for home oxygen are reasonable, the Ministry should:

- *consider tendering for home oxygen on a test basis in larger urban centres;*
- *closely monitor oxygen prices being paid by other provinces to ensure Ontario's higher volumes are reflected in the comparative rates being paid; and*

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- *determine whether paying a single flat rate is more economical than negotiating different rates for liquid oxygen and concentrators.*

Current Status

At the time of our follow-up, the Ministry indicated:

- It had discussed the feasibility of tendering for home oxygen in larger urban centres with home-oxygen vendors and other stakeholders. The Ministry informed us that, before negotiating the next agreement in fall 2003, the Ministry intends to prepare a business case and update the information on rates being paid by other provinces.
- Ministry staff intend to design a system for collecting statistics on the use of liquid oxygen and concentrators when preparing the strategy for negotiating the next agreement.

Pricing—Assistive Devices Program

Recommendation

To help ensure that it is paying competitive prices for the devices funded under the Assistive Devices Program, the Ministry should:

- *conduct a comprehensive review of the prices listed for all devices covered by the Assistive Devices Program; and*
- *obtain competitive bids from manufacturers or suppliers for devices that are similar in nature.*

Current Status

According to the Ministry, at the time of our follow-up:

- A new pricing framework for the Assistive Devices Program had been approved.
- It had hired a consulting firm to complete a pricing review of high-risk and high-value products funded by the Program and to develop a mechanism for ongoing price updates.
- Ministry senior management was considering options for establishing a new equipment pool funded by the Ministry which would also provide comparative price quotations.

Verification of Claims

Recommendation

To better ensure that individuals have actually received the devices and services paid for under its Assistive Devices and Home Oxygen programs, the Ministry should expand its verification letter process to cover all assistive device categories. The Ministry should also:

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- *track verification letters sent and replies received;*
 - *follow up on any discrepancies or non-replies on a timely basis; and*
 - *ensure that verification letters include sufficient detail to allow the Ministry to determine whether vendors are providing all the services and equipment required under their contracts.*

For claims submitted on computer disks, the Ministry should periodically inspect signed invoices maintained by the vendors.

Current Status

The Ministry advised us that, at the time of our follow-up:

- The Finance and Audit Unit had established letter verification and tracking processes for all assistive device categories.
- Ministry staff had started conducting regular site visits with selected vendors in September 2002.
- Ministry staff complete monthly reports on suspected cases of fraud and recoveries to be pursued with vendors. Assistive Devices Program staff were working with the staff of the Ministry's Fraud Program Branch to jointly identify policies and procedures that would assist in preventing fraud.

Accountability of Transfer-payment Agencies

Recommendation

To help ensure that transfer-payment agencies funded by the Assistive Devices Program are providing services economically and efficiently, the Ministry should:

- *ensure that it receives sufficient and appropriate financial information for assessing whether funds are being used for the purposes intended;*
- *ensure that the distribution of funds is commensurate with the value of services provided; and*
- *compare the costs to provide services among similar agencies.*

Current Status

According to the Ministry, service agreements with transfer-payment agencies have been updated and the Ministry has requested that agencies provide additional reports with more detail on what services are being provided to clients.

In addition, Assistive Devices Program staff had:

- implemented a revised annual budget approval process for transfer-payment agencies in 2001/02;

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- implemented an annual training process relating to the budget submission process and new reporting requirements for agency staff and had completed two training sessions (all agencies are required to send one or two staff for training); and
 - developed statistical information packages to ensure consistent reporting by agencies and had trained agency staff in how to use them.

Consulting Services

Recommendation

To better ensure that value for money is received when engaging consultants, the Ministry should ensure that:

- *consultants are engaged through a competitive process; and*
- *long-term needs are addressed by hiring employees rather than engaging consultants at a rate of remuneration significantly exceeding the amounts paid to government employees performing similar duties.*

Current Status

The Ministry advised us that a competitive process would be used for future arrangements with consultants. For instance, at the time of our follow-up, it had received approval to hire three system programmers, and competitions for these positions were in process. In the meantime, a competitive process had been used to hire, on an interim basis, three system programmers on a fee-for-service basis.

CLAIMS APPROVAL, PROCESSING, AND PAYMENT

Recommendation

To help ensure that Assistive Devices and Home Oxygen program payments are made only for valid claims, the Ministry should implement procedures to run computer checks to identify payments made on behalf of individuals who are deceased.

Current Status

The Ministry advised us that, at the time of our audit, Assistive Devices Program staff were now receiving recoveries for deceased clients on a regular basis and that processes were now in place to ensure that files for deceased clients were designated inactive in a timely manner.

PERFORMANCE MEASUREMENT, MONITORING, AND EVALUATION

Recommendation

To better monitor and evaluate the performance of the Assistive Devices and Home Oxygen programs, the Ministry should:

- *ensure its information systems provide accurate and timely reports on all key performance measures; and*
- *reinstate the standing committees that provide technical advice for all major assistive device categories.*

Current Status

According to the Ministry, it has developed performance measures and indicators, and monthly progress reports began to be generated and distributed internally in July 2002. The movement of all performance data to the new version of the information system was nearing completion. In addition, the Ministry has developed new tracking systems for financial forecasting, and internal reports are now available.

As mentioned earlier, standing committees have been organized for the four medical device categories. At the time of our follow-up, the committees were meeting regularly to advise on operational policy changes.

Complaints Process

Recommendation

To help identify any areas requiring improvements in the delivery of the Assistive Devices and Home Oxygen programs, the Ministry should ensure that:

- *complaints are investigated in a timely manner; and*
- *the results of those investigations are provided to senior management.*

Current Status

The Assistive Devices Program has implemented a new customer feedback/complaint resolution process that tracks issues raised by clients, vendors, individuals and organizations with authorizing authority, and others. This process also includes timelines for responses. Quarterly reports on complaints are provided to ministry senior management.

The Ministry also indicated that, at the time of our follow-up, ministry staff had begun to design and implement a customer satisfaction survey.

OTHER MATTER

Benefits from Other Government Sources

Recommendation

To help ensure that assistance under its Assistive Devices and Home Oxygen programs is not duplicated at taxpayers' expense, the Ministry should again pursue co-operation with the Workplace Safety and Insurance Board and the Department of Veterans' Affairs.

Current Status

According to the Ministry, at the time of our follow-up, its Fraud Programs Branch was pursuing co-operation with the Workplace Safety and Insurance Board and the Department of Veterans' Affairs.