

For Information

DATE: October 9, 2012

REPORT TITLE: **DISCRETIONARY BENEFITS FOR ONTARIO WORKS AND ONTARIO DISABILITY SUPPORT PROGRAM RECIPIENTS**

FROM: Janet Menard, Commissioner of Human Services

OBJECTIVE

To provide an update on changes to the provision of discretionary benefits for recipients of Ontario Works (OW) and the Ontario Disability Support Program (ODSP) due to changes in Provincial funding.

REPORT HIGHLIGHTS

- Effective July 1, 2012, the formula for OW health and non-health related discretionary benefits was revised by the Province
- Changes to the administration of discretionary benefits for OW in Peel were implemented on October 1, 2012, in response to this change
- Changes includes the narrowing of allowable discretionary items, new funding maximums and frequency of issuances, in addition to new community referral and purchasing practices
- Costs and need will be monitored to minimize impact on clients and ensure that available resources are directed appropriately

DISCUSSION**1. Background**

Across Ontario, a range of benefits for Ontario Works (OW) and Ontario Disability Support Program (ODSP) recipients are provided in addition to basic needs and shelter allowances, at the discretion of the local service manager/Ontario Works administrator. These health-related and non-health related benefits are included in the cost per case and have been subject to the social assistance upload. (Provincial funding for social assistance benefits will be at 85.8 per cent in 2013.) In Peel these include:

- Health Related:
 - travel and transportation;
 - dental services;

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- prosthetic appliances and assistive devices, including eye glasses, hearing aids; and
- prescription drugs;
- Non-Health Related:
 - moving and storage ;
 - funerals and burials;
 - beds/cribs;
 - baby layettes; and
 - heat and hydro assistance

2. Changes to Cost Sharing Formula

In Ontario's 2012 budget, the Province introduced a series of "expense management measures", including a cap on health and non-health related discretionary benefits for social assistance recipients. This cap is expected to save the province and municipalities \$55.3 million over three years.

The uploaded cost-sharing formula of 85.8 per cent provincial funding and 14.2 per cent municipal funding (2013) remains unchanged; however, a caseload cap per client has been placed on the amount the province will share and has been in effect since July 1, 2012. Prior to July, the Province cost shared up to a maximum of \$8.75 per case based on the average monthly OW and ODSP caseload for non-health related benefits and health related benefits were uncapped.

The new formula to determine the provincial cost sharing for discretionary benefits is now capped at \$10.00 multiplied by the average monthly OW caseload and the average monthly ODSP caseload within the Administrator's geographic area.

3. Impacts to the Region

In 2011, Ontario Works in Peel issued \$4.5 million in discretionary benefits. The introduction of the new provincial cap for discretionary benefits requires that spending for same be limited to \$3.5 million for 2013; a reduction in annual spending of \$1 million - an \$858,000 funding cut and \$142,000 savings to the Region (between 2011 and 2013). Any expenditure above the provincial cap of \$3.5 million will be assumed by the municipality at 100 per cent.

Staff completed a thorough analysis of the spending and existing policy and believe that costs can be managed within the revised funding through realignment of the policy, specifically in the areas of allowable items, including maximums and frequency of issuances.

For example, costs for assistive devices (hearing aids, wheel chairs) will now be held to the provincial formulary. (The province pays 75 per cent through the Assistive Devices Program and Peel will continue to assist with the remaining 25 per cent contribution required by the client). As well, the issuance of orthotics will be limited to exceptional situations.

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Additionally, to further reduce discretionary benefits expenditures, the Region will:

- leverage buying power for some commonly requested items (e.g. beds);
- strengthen relationships with community agencies regarding programs available to clients; and
- require supervisory approval for expenditures during a transition period
- monitor monthly expenditures and need to ensure resources are being appropriately directed

Staff expects that changes to these policies and practices will occur as the impact is evaluated and better understood.

FINANCIAL IMPLICATIONS

From January 1 to June 30, 2012, before the provincial change occurred, Peel's discretionary benefits spending was under our cap limit. With policy changes in place to manage costs since October 1st, staff anticipates that there will be little or no impact for 2012 and that costs will be within the new cap (implemented mid year).

Once fully implemented staff anticipates \$142,000 net saving to the Regional budget as the new policies will reduce expenditures to within the annualized provincially established limit. This would change if caseloads increase or decrease dramatically and as the Province continues to upload the full costs to 100 per cent by 2018.

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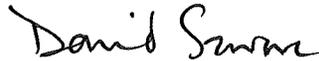
CONCLUSION

Changes in the Provincial funding for OW non-health related discretionary benefits can be accommodated through revisions to the administration of discretionary benefits in Peel. The introduction of benefit limits, referrals to community programs, and bulk purchasing are expected to reduce annual discretionary benefits expenditures. Through continuous analysis, review of requests and issuances, and further revisions throughout the year, it is expected that the Region of Peel will be able to reduce discretionary benefits expenditures and manage requests within budget after the transition period, with a view to minimizing the impact on clients.



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Commissioner of Human Services

Approved for Submission:



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