

Ontario Disability Support Program

Follow-up to VFM Section 3.03, *2004 Annual Report*

Background

The Ministry of Community and Social Services provides financial assistance to people with eligible disabilities and to people aged 65 years and over who are not eligible for federal Old Age Security. Ontario Disability Support Program (ODSP) financial assistance is intended to provide for basic living expenses such as food, shelter, clothing, and personal-needs items.

To be eligible for ODSP financial assistance:

- all applicants must demonstrate a financial need for assistance by providing evidence that their liquid assets and income levels do not exceed specified amounts; and
- most disability-related applicants must also be assessed to determine if their disability meets the eligibility threshold established by the Ministry.

For the 2005/06 fiscal year, the Ministry's ODSP expenditures totalled approximately \$2.5 billion (also \$2.5 billion in 2003/04), of which approximately \$176 million represented administration costs. The cost of ODSP financial assistance is shared between the province (80%) and the municipalities (20%). Program administration costs are shared equally between the province and municipalities.

In our *2004 Annual Report*, we concluded that, although ODSP management has instituted some improvements to the program since its inception, the Ministry's procedures were still not adequate to ensure that only eligible individuals receive support payments in the amounts they are entitled to on a timely basis. Some of our more significant observations were that the Ministry:

- did not complete the initial disability assessment for many applicants on a timely basis, which often adversely affected the benefits the applicants received;
- did not formally investigate why the Social Benefits Tribunal overturned about 80% of the appeals of initial ministry eligibility decisions that it heard;
- for three-quarters of the files we reviewed, did not adequately document recipients' financial eligibility for the benefits they received;
- did not have adequate procedures in place to collect over \$480 million in outstanding benefit overpayments; and
- in many cases, did not follow up on important new information that could have affected a recipient's eligibility for benefits.

We also noted that the Ministry's new Service Delivery Model information system, which was developed in partnership with Accenture—a

private-sector company—continued to lack key internal controls, still did not meet certain key information needs, and continued to generate errors and omit information for reasons that could not be explained.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take action to address our concerns.

Current Status of Recommendations

According to information received from the Ministry of Community and Social Services, significant progress has been made in implementing some of the recommendations we made in our *2004 Annual Report*. However, for several other recommendations, additional work is still required, especially with respect to financial- and disability-eligibility reviews. The current status of action taken on each of our recommendations is as follows.

ONTARIO DISABILITY SUPPORT PROGRAM ADMINISTRATION

Eligibility for Benefits

Medical Eligibility—Timing of Disability Decisions, Documenting of Disability Decisions, and Internal Reviews and Decision Monitoring Recommendation

To help ensure that all eligible applicants receive the assistance that they are entitled to, the Ministry should:

- *take the steps necessary to ensure that all initial eligibility determinations are completed within four months, or approximately 80 business days, following the receipt of a completed application;*

- *adequately document the reasons for all eligibility determinations so that they can be demonstrated to be reasonable and fair; and*
- *introduce a regular supervisory review process over both initial eligibility determinations and the outcomes of internal reviews, and address any concerns arising from those supervisory reviews on a timely basis.*

Current Status

The Ministry informed us that the number of cases awaiting adjudication for more than 80 business days was higher at the time of our follow-up than the 2,300 cases we noted at the time of our *2004 Annual Report*. However, due to recent actions, the number had dropped from over 7,000 cases at the beginning of 2006 to less than 5,000 cases in May 2006. This had occurred despite the steady increase in the number of applications received per week during the same period. To help ensure further improvement, the Disability Adjudication Unit created its own database, which the Ministry indicated has increased the speed and efficiency of adjudication documentation and provides managers with real-time reports. The Unit also hired eight more permanent and three temporary adjudicators in July/August 2006. The Ministry advised us that it is committed to reducing the waiting time for medical adjudications to four months or less by the end of 2006.

The Ministry also advised us that it had developed a documentation template and a guideline on the writing of an adjudication summary. A supporting Procedures Manual was expected to be available for use in fall 2006 to help ensure uniformity in deciding eligibility and in documentation.

According to the Ministry, internal reviews of files are addressed in a team environment. In addition, a manager external to the team conducts a random review of files monthly, and, beginning in 2006, the Chief Medical Officer is to review 50 randomly selected files annually for each adjudicator.

Medical Eligibility—Social Benefits Tribunal Appeals

Recommendation

The Ministry should, in consultation with the Social Benefits Tribunal, determine the reasons for the high rate at which the Tribunal overturns ministry eligibility decisions.

Current Status

The Ministry informed us that monthly meetings between the Disability Adjudication Unit and the Social Benefits Tribunal began in July 2005. While there had been a decline in the overturn rate, it continued to be high at the time of our follow-up. The Ministry indicated that it would continue to work with the Social Benefits Tribunal to determine the reasons for the high overturn rate.

Medical Eligibility—Medical Reassessments

Recommendation

To help ensure that only eligible recipients continue to receive benefits, the Ministry should perform the required periodic medical reassessments within a reasonable time frame.

Current Status

The Ministry informed us that, subsequent to our audit, the Disability Adjudication Unit had not been able to conduct medical reassessments due to staffing constraints. As of December 31, 2005, about 36,000 reassessments were overdue (up from 14,000 in 2004), and the number had been growing steadily.

The Ministry refined its reassessment criteria in 2006 and applied that criteria to an automated review of all cases with outstanding reassessments. The Ministry advised us that, based on that review, it was able to close more than 34,000 cases.

Financial Eligibility—Documenting of Financial Eligibility

Recommendation

To help ensure that all recipients are financially eligible to receive Ontario Disability Support Program (ODSP) financial assistance and that the assistance provided is in the correct amount, the Ministry should:

- *reinforce with all relevant ministry staff its requirements for obtaining, documenting, and correctly assessing the required recipient information, including information for those recipients transferred from Ontario Works; and*
- *consider the benefits of including Employment Insurance, where applicable, as a mandatory third-party check during an applicant's initial financial assessment.*

Current Status

The Ministry informed us that an Ontario Disability Support Program training guide that included a section on file-documentation requirements was released in January 2006. The associated training sessions were pilot tested in two regions in February and March 2006 and were rolled out across the province starting in June 2006. In addition, a web-based learning-management system that enables the tracking and reporting of all training taken by staff was developed and implemented in regional offices.

We were advised by the Ministry that a directive update would be issued in the fall of 2006 that will reinforce the requirement to obtain Employment Insurance checks and clarify the process. The Ministry indicated that the *Consolidated Verification Process Reference Guide* also provides direction to staff to review third-party information from the Employment Insurance source.

Financial Eligibility—Financial Eligibility Reassessments

Recommendation

To help ensure that only financially eligible recipients continue to receive benefits, and that benefits are paid in the correct amount, the Ministry should:

- establish appropriate risk-ranking criteria for selecting files for the Consolidated Verification Process (CVP) and incorporate those criteria into the Service Delivery Model system so that the highest-risk cases can be reassessed first; and
- through training and supervisory review, ensure that all required CVP verification procedures are properly completed and documented.

Current Status

The Ministry advised us that risk-ranking criteria were developed following our audit and that it will periodically review and update the risk-ranking criteria. Initially, cases were selected for Consolidated Verification Process (CVP) review based on eight risk factors; later on, from December 2005 to July 2006, the risk factors being used increased to 11. According to the Ministry, from September 2005 to May 2006, over 142,000 CVP cases were reviewed.

Overpayments were identified in about 6% of the CVP reviews. These overpayments amounted to approximately \$12.8 million in the 2004/05 fiscal year and approximately \$23.4 million in the 2005/06 fiscal year.

The Ministry advised us that it would conduct regular reviews to ensure that all required CVP verification procedures are properly completed and documented.

Recovery of Overpayments to Recipients

Recommendation

To help maximize the recovery of overpayments from recipients of Ontario Disability Support Program assistance, the Ministry should:

- determine the reasons why those outstanding balances designated “temporarily uncollectible”

were thus designated, assess whether the reasons are justified, and, if warranted, redesignate the balances as collectible;

- where warranted, actively pursue the recovery of overpayments from inactive clients;
- determine the reasons why approximately one-quarter of active recipients with overpayments are not making repayments through automatic deductions from their current benefits and take appropriate action where necessary; and
- consider whether the practice of deducting only up to 5% of monthly benefits from active recipients is an effective way of recovering overpayments, especially large ones.

Current Status

According to the Ministry, accounts with overpayments that are designated as “temporarily uncollectible” had been reduced from \$210 million at the time of our audit in 2004 to \$139 million as of June 30, 2006.

The Ministry informed us that it established a centralized overpayment recovery unit in October 2004. During the 2005/06 fiscal year, 4,018 inactive accounts with overpayments were referred to it for collection. As a result, 1,194 Voluntary Payment Plans, with a debt value of \$4.8 million, were negotiated. The Ministry indicated that \$1.5 million of that amount had been collected at the time of our follow-up. As well, 3,596 accounts, with a value of \$16.6 million, were registered with the Canada Revenue Agency’s Refund Set-Off Program, resulting in the collection of \$900,000 by the time of our follow-up.

The Ministry advised us at the time of our follow-up that the vast majority of active overpayment cases without recoveries (97%) fell into one of the following categories:

- The overpayment is under \$100.
- The case does not involve a monetary payment (for example, the recipient’s only benefit is a drug card).

- The only monetary payment to the recipient is a personal-needs allowance.
- The debt due was still being validated so recovery was suspended until validation was completed.

The Ministry also advised us that it was reviewing its policies with respect to overpayments, including the percentage of deduction from monthly benefit payments to active recipients.

Case Management

Workload

Recommendation

To ensure that caseworkers can provide an adequate level of service to recipients and effectively carry out their required responsibilities, the Ministry should:

- *set and implement reasonable caseload standards; and*
- *re-assess the allocation of staff in the regions to ensure that staff are assigned in accordance with caseload standards.*

Current Status

The Ministry advised us that the caseload ratio has improved since the 2004 audit due to the increase of approximately 150 caseworkers in the ODSP and that, while these workers are mostly dedicated to the Consolidated Verification Process, this is part of the case-management continuum. Further, the Ministry indicated that the current caseload ratio is approximately 233 cases to one worker, with caseworkers defined as Income Support Specialists and Client Services Representatives for the purposes of this ratio.

Management Activities

Recommendation

To help ensure that only eligible recipients continue to receive Ontario Disability Support Program financial assistance and that assistance is provided in the correct amount, the Ministry should ensure that:

- *tasks that may affect a recipient's eligibility and/or payment amount are followed up in a complete and timely manner by caseworkers and, where warranted, referred for eligibility review investigations;*
- *eligibility review investigations are completed on a timely basis;*
- *complete and accurate management information on the number, status, and outcomes of eligibility review investigations is maintained, monitored to ensure timely action, and evaluated in order to assess the effectiveness of the eligibility investigation process.*

Current Status

The Ministry informed us that, since our 2004 audit, it had conducted approximately 14,400 eligibility reviews. According to the Ministry, many of these reviews resulted in the termination of benefits, voluntary withdrawal, changes in the amount of assistance, and/or identification of overpayments.

At the time of our follow-up, there were discrepancies in the Eligibility Review Performance Reports, which management was in the process of investigating. Consequently, the Ministry indicated it must use ad-hoc reports to reconcile the data.

Cost-sharing between the Province and the Municipalities

Recommendation

To help ensure that municipalities are accurately billed for their fair share of Ontario Disability Support Program (ODSP) benefits, the Ministry should verify the reliability of the monthly ODSP benefit totals in the ODSP Financial Consolidation Report by reconciling them to actual payments made.

Current Status

No manual reconciliation had been completed to verify the accuracy of the ODSP benefit totals used to bill municipalities. The Ministry informed us that the changes to the computer system needed to

produce an ODSP benefit cheque register for conducting the reconciliations were finalized in February 2006 and were being tested at the time of our follow-up. The ODSP cheque register is scheduled to come into production for November 2006.

SERVICE DELIVERY MODEL

Recommendation

To help enable the Ministry to efficiently and effectively administer the Ontario Disability Support Program, the Ministry should:

- *develop and produce accurate and useful performance and operational reports;*
- *provide recipients with more complete information; and*
- *correct known system deficiencies on a more timely basis.*

Current Status

We were advised that staff at the local office level felt that there had been some improvement in the

Service Delivery Model (SDM) computer system since its inception but that further enhancements were still needed to fully meet the information needs of management and staff. This was evidenced by the fact that both the Disability Adjudication Unit and the Overpayment Recovery Unit have their own database alongside the SDM system, while some local offices have their own intake tracking tool.

The Ministry indicated that it reviews, prioritizes, and monitors the status of all changes to the SDM system and releases those changes in a controlled fashion. The Ministry advised us that, since 2004, it has completed approximately 2,700 system changes and enhancements for the SDM system, and that as of June 2006, there were 1,393 outstanding requests for changes to the SDM system.