



News Release

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PAYMENTS FOR ASSISTIVE DEVICES POORLY CONTROLLED: AUDITOR GENERAL

(TORONTO) Ontario's Assistive Devices Program needs to do a much better job managing the money it spends for health-related devices such as wheelchairs and hearing aids and enforcing its own eligibility rules, Auditor General Jim McCarter says in his *2009 Annual Report*, released today.

"The Ministry of Health and Long-Term Care's oversight procedures were not adequate enough to ensure that it's paying fair market prices for these devices and that it provides them only to people eligible under the government's own rules," McCarter said.

"In instances where the Ministry identified potential conflicts of interest among the vendors and the health-care professionals who authorize or prescribe the purchase of the devices and refer their clients to the vendors, we found that it seldom took action to address the problem."

In the 2008/09 fiscal year, Ontario spent \$347 million, up more than 90% since the Auditor's last audit seven years ago, to buy health-related devices for 294,000 people.

The Report observed that:

- According to cases reviewed, the prices for the devices set by the Ministry allowed for mark-ups for the vendors that were well above the Ministry's target of a 33% vendor mark-up. For example, Ministry-set prices for mobility devices, respiratory devices, and computer systems had average mark-ups of 84%, 117%, and 128%, respectively, over the vendors' costs.
- The Ministry was not reviewing the prices it pays for goods and services frequently enough to ensure that they are reasonable. Many clients must pay a portion of the cost of their devices and so are also adversely affected when the Ministry sets or accepts prices much higher than fair market value.
- The Ministry paid vendors a monthly fee of \$389 per client for home oxygen concentrators or a total of \$23,000 per unit over a five-year period. However, oxygen concentrators cost only between \$400 and \$1,000 each to buy, and they last five to seven years. The significantly higher fee the Ministry paid included vendors' ongoing servicing of the units, but the Ministry had not formally assessed whether the total amount paid was reasonable.
- Respiratory therapists employed by oxygen vendors are supposed to periodically assess people on oxygen to ensure they still require it. However, one-third of clients in a sample were either not tested or did not need oxygen; the Ministry was not informed of this and continued to pay for the oxygen.

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