Committee Transcripts: Standing Committee on Finance and Economic Affairs - March 22, 2013 - Pre-budget consultations

ONTARIO REHAB ALLIANCE

The Chair (Mr. Kevin Daniel Flynn): Our next delegation today is from the Ontario Rehab Alliance. Nick Gurevich and Laurie Davis, if you'd like to come forward, make yourselves comfortable.

Mr. Nick Gurevich: Good afternoon, everyone.

Ms. Laurie Davis: Good afternoon.

The Chair (Mr. Kevin Daniel Flynn): Good afternoon. Like everybody else, you get 15 minutes. Use that any way you see fit. If there's any time left at the end, the questions will go to the New Democratic Party.

Ms. Laurie Davis: Thank you very much. It's a pleasure to be here. I'm Laurie Davis, the executive director of the Ontario Rehab Alliance.

The Ontario Rehab Alliance was formed in 2009. We're a not-for-profit association representing more than 90 service provider organizations employing more than 3,500 health care professionals. It's these health care professionals who are the primary providers of health and rehabilitative services to Ontarians after they're injured in an automotive accident.

Although auto insurance is complex, the alliance sees it as comprised of essentially three pillars or facets.

Premiums: We know that consumers want and deserve reasonably priced insurance.

Profit: We understand that insurers are entitled to make a profit and a return on their investment.

Protection: Accident victims must be properly protected by the insurance they purchase, which is in fact the premise of any insurance scheme.

Subsequent to the changes to auto insurance in September 2010, these three pillars, we think, have been seriously out of balance. The last reform concentrated on ensuring the profitability of the insurance companies by reducing the coverage and benefits offered to victims. The result was exactly that. Insurer profitability has hit record levels while the protection of victims has been reduced to the second-poorest in Canada, with no relief in the cost of premiums paid by consumers. We believe there is more to fixing the system than merely changing the cost base of insurance companies. While we believe that premiums can and should be lowered, we believe that changes to address the serious protection deficits in our system can be accomplished while still maintaining profitability.

I'll just summarize for you some of the impacts that the changes in 2010 brought about by way of giving you some background for these remarks.

A minor injury guideline, or a MIG as the acronym would have it, which limits benefits to $3,500—the lowest in Canada of a minor injury guideline—was put in place in 2010, but 80% of all motor vehicle accident injuries fall into this category.

While most service providers agree that a minor injury guideline makes sense and can work well, we believe this guideline is flawed because there's no clear path out of it for those who are relegated to it inappropriately, and it happens a very great deal.

Changes were also made to coverage available for those with serious injuries following an accident. It was reduced for serious non-catastrophic accidents from more than $100,000 to currently $50,000. As a result, it's estimated that potentially thousands of people with serious injuries are exhausting their benefits in six months to a year post-accident—well before they've had a chance to recover.

Without ongoing support, these individuals will not improve and in fact are likely to deteriorate and may lose any chance of returning to work and resuming their pre-accident activities. Some may eventually be deemed catastrophic and have access to a higher level of benefit, but they will experience a gap in coverage of several years before the catastrophic determination is made. Whenever there is a gap in the system, these people will go to the public system for what services there are available, and they are fewer.

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The Financial Services Commission of Ontario—FSCO—and the Ministry of Finance are also now actively looking at changes to the definition of "catastrophic impairment" that could cut in half the number of victims who are currently able to access this higher level of treatment. This group makes up only approximately 600 victims per year, but these are the most severely impaired, suffering from spinal cord injuries, paralysis, severe brain injuries and amputations. The recommendation that FSCO presented to the Ministry of Finance, we believe, is on a collision course with the promise made in the last budget to make the definition of "catastrophic injury" medically based. We say this because there is overwhelming consensus in the health care community that FSCO's recommendations are flawed and inconsistent with medical literature, the World Health Organization and current medical best practice guidelines.

Not only has the quantum of benefits been reduced since 2010, but barriers in access to benefits have been raised. Cancellation of the mandatory insurer examination process has resulted in a concentration of disproportionate and arbitrary power in the hands of adjusters with no prior medical training or ability to make proper medical decisions on treatment plans. The result now is that about half of all applications for health care services—these, remember, are for insured services for the seriously injured—are denied.

Mr. Nick Gurevich: My name is Nick Gurevich. I'm the president of the organization, and I will cover our recommendations.

The insufficiency of the $50,000 coverage cap for serious non-catastrophic injuries and $36,000 for attendant care benefits must be examined, not only in the context of actual costs to provide health care in 2013 and beyond, but also in relation to what is offered within our public system. The mandatory insurer examination, which Laurie just spoke of right now, should be reinstated following a prompt review with reference to the government's recommendations in the previous five-year review of the auto insurance system and those proposed by the anti-fraud task force report. Credentialing, experience standards and accountability must be imposed on the independent medical examiners hired by insurers who are now able to arbitrarily make these determinations. The fraud-fighting approach that has been widely discussed should and must be targeted, not characterized by a dragnet fishing strategy that negatively impacts all claimants and where every victim is treated as a fraud suspect.

There is currently little transparency and solid data in the auto insurance sector. The insurance industry supplies unsubstantiated numbers, and in some cases FSCO accepts them as fact without question. Such data is then used to drive policy decisions. Releasing the data gathered by the Health Claims for Auto Insurance system—or HCAI, as it's called—will be a very good start.

Changes to the "catastrophic" definition in the form proposed must be stopped entirely or should conform to the consensus of the health care community to ensure any changes are truly medically based.

Addressing the above recommendations would merely be a start in returning protection to a system that has seen systematic erosion to the rights of the 65,000 Ontarians who are injured every single year. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you. Are you open for questions now?

Ms. Laurie Davis: Very much so.

The Chair (Mr. Kevin Daniel Flynn): Very good. You've left about seven minutes, and the questions go to the NDP. Michael?

Mr. Michael Prue: Thank you very much for this. There's been a lot of discussion about insurance companies and insurance rates. The Liberal government allowed the insurance companies, a couple of years ago, to completely rewrite the Insurance Act to offer what was considered then, and even more so now, an inferior product for less money. Anybody can offer an inferior product for less money, and they did. However, they continue to charge the same rates and therefore their profits have gone way up. Should we, as a government, be insisting that they go back to providing a product that will protect those with catastrophic injuries, even though it may cost the consumer more money?

Mr. Nick Gurevich: Well, no decision has been made so far to limit what is currently available for those who are catastrophically injured. We can't return to what it was because there's been no change.

Presumably, exactly as you pointed out, if you reduce coverage, the cost base will reduce, and, of course, premiums should follow suit. Although, what we have seen in the post-2010 environment is that the benefits structure has been reduced by something like upward of 70%. It's a real gut-out. Yet we have not seen any sort of a corresponding change in the premiums that are being charged by the insurer.

Ms. Laurie Davis: But I would say that even though we haven't yet seen a change—the proposed changes to catastrophic haven't been made—the changes to 2010 did affect those who were serious but non-catastrophic. So there are, essentially, sort of three categories. Minor injuries—80% of most accidents fall within the minor injury category. We think many of them are being inappropriately relegated to minor injuries, not able to access up to the $50,000, the new lowered threshold.

So I would say, yes, generally we think there isn't enough proper funding in this system to provide people with the treatment that they're currently paying for.

Mr. Michael Prue: We have seen the insurance industry is arguing, of course, the opposite. But they sent out a wonderful glossy brochure this past week, which they sent before they had a lobby day here at Queen's Park. It shows that since 1975 they have averaged a 9.5% profit each year. In fact, in the last three or four years they've done the same. Are they making enough money that they should be providing better service, in your view?

Ms. Laurie Davis: We think there should be better service provided.

Mr. Michael Prue: Also, I asked questions of them. They say that there's a lot of fraud in the system. I asked them what some of that fraud was, and rehabilitation services was one of the things they mentioned. Is there fraud in rehabilitation service?

Ms. Laurie Davis: There's probably fraud in every service, but we don't believe that there's nearly the extent of fraud in the system that we hear so much about. There's been very little data. We believe that the changes made in 2010, which were largely targeted at fraud, probably did chase—there certainly were some fraudsters in the business, and we think they're largely out of business now. But, nevertheless, all those changes have dramatically negative impacts on all claimants, not just those who happen to go to practitioners who were using the loopholes that were in place.

Mr. Nick Gurevich: If I may add, our organization has actually participated and has worked very, very closely with the anti-fraud task force. The recommendations that they have gone on to publish, especially ones surrounding licensing and regulation of health care providers, were recommendations that we, in fact, provided. So our view is that one dollar in fraud is one dollar too much. There's definitely zero tolerance as far as we are concerned.

But, saying that, what we indicated to the anti-fraud task force, and what we will indicate to you folks, is that the insurance industry cannot keep hiding behind this straw man of fraud in order to deny or reduce benefit. It goes completely against what the insurance scheme is all about, which is protecting those who are in need at the end of the day. We have already seen some measures that have been put in place which raise barriers to access those benefits in the name of fighting fraud. That is exactly what we all should be careful of.

Ms. Catherine Fife: Just a comment: I want to thank you for including the examples in here as well, because they really tell—

Ms. Laurie Davis: We didn't read them out because we didn't think we'd have enough time, but thank you for noticing.

Ms. Catherine Fife: They tell the real story because we're all just one accident away from being in this position and needing these services. I think that we would be looking toward our insurance companies to actually support us and to follow through on the very policies that we signed up for. They are very powerful examples. Thank you.

Ms. Laurie Davis: Thank you. One of our biggest concerns, of course, is that we feel there is a lack of due process in the system. It's very difficult for those advocating for claimants, and claimants themselves, to effectively negotiate for their entitlements within the system now.

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Ms. Catherine Fife: Especially when they’re injured, right?

Ms. Laurie Davis: Absolutely.

Ms. Catherine Fife: Especially brain injuries. Thank you.

The Chair (Mr. Kevin Daniel Flynn): Thank you, Catherine. Thank you, Nick, and thank you, Laurie, for being here today. That was a great presentation.

Mr. Nick Gurevich: Thank you.

Ms. Laurie Davis: Thank you.