

January 30, 2024

The Hon. Peter Bethlenfalvy  
Minister of Finance  
c/o Budget Secretariat  
Frost Building North, 3rd Floor  
95 Grosvenor Street  
Toronto, Ontario  
M7A 1Z1

Submitted via [Budget Consultations Submission Portal](#)

Dear Minister Bethlenfalvy,

**Re: 2024 Pre-Budget Submission**

The Ontario Rehab Association (ORA) is pleased to make a pre-budget submission on an issue that is vital to the healthcare needs of Ontarians, especially those that have been injured in motor vehicle accidents.

The ORA represents small to medium-sized healthcare professionals and businesses that collectively employ approximately 4,000 health care providers, including registered health professionals from all disciplines, social workers, personal support and rehabilitation support workers that provide rehabilitation to Ontarians seriously injured in automobile accidents. Most of our members work throughout the healthcare system, giving us a wide-angle view.

We are pleased to submit our recommendations for ensuring that auto insurance funded rehabilitation for those who are seriously injured in motor vehicle accidents retains its vital role in ensuring that injured claimants obtain timely health care in a manner that avoids further strains on Ontario's public health care system.

The ORA requests that the government direct the Financial Services Regulatory Authority of Ontario (FSRA) to undertake a comprehensive review and update of the rates applicable to health care providers under the Professional Services Guideline (PSG). The PSG serves as a fundamental framework for establishing reimbursement rates for health care providers, playing a pivotal role in maintaining the balance between ensuring affordable healthcare for consumers and fair compensation for healthcare professionals. However, in order for this balance to be maintained it is necessary that a periodic review of these rates be undertaken in order to reflect the current realities present in the auto insurance and healthcare sector.

The current reality is this:

- The PSG has not been adjusted since 2014.
- Health care professionals across the province are leaving the field as a result of rates that do not reflect the changed economic conditions; those healthcare practices that remain are struggling with financial viability.
- The current rates make it virtually impossible for ORA members to compete for clinicians who have been migrating to other payor systems outside of the Ontario auto insurance system that have increased healthcare provider rates.
- The result is that healthcare providers are finding it increasingly difficult to offer the highest level of care to ensure positive outcomes for clients.
- These realities are impacting the already overburdened public health system.
- Increasing rates under the PSG will not be a cost driver in the system. Please refer to the attached **Health Care Costs Not A Cost Driver** for details.

Since FSRA's inception, the ORA has lobbied the regulator on this issue and were given to understand that reviewing the PSG would take place. We have continually approached FSRA about cost escalations and the pressing need for action. To date, no such review has taken place. Contrast this with measures FSRA has taken to improve and expedite insurers' rate reviews in recognition of rising costs in that industry.

Fair and updated rates under the PSG are essential to sustain a robust and effective healthcare system. A comprehensive review by FSRA will provide an opportunity to:

- Identify discrepancies in the current healthcare provider rates.
- Ensure parity among various healthcare disciplines.
- Align compensation rates with the true value of the services provided by healthcare professionals, and most importantly,
- Ensure that injured Ontarians receive timely and high quality healthcare. Please refer to the attached **Impact on Consumers** briefing note for more details.

The ORA believes that the time has long passed for the PSG rate freeze to be reversed. We recommend that FSRA undertake a transparent and consultative approach to address this urgent issue and we look forward to being part of a constructive process to address this urgent issue.

Sincerely,



Laurie Davis  
Executive Director



## **Healthcare Costs Not a Cost Driver in Auto Insurance Drill Down**

### **Reasonable Adjustments to Accident Benefits and Health Service Provider Rates are Affordable**

1. Healthcare treatment costs are a very small percentage of overall claim costs. According to the provincial statistical summary of medical and rehabilitation costs known as the Health Claims Database (HCBD) fully matured treatment costs for all injury types combined (see Note below) totals \$479m per year.

This represents 3.5% of annual premiums collected by insurers. This means that healthcare treatment is NOT a cost driver within the system. To the extent that insurers settle med-rehab and other benefits, this is their business decision rather than actual healthcare costs. It is important that these two areas are not conflated, and each component is looked upon separately.

**Note:** Motor vehicle accident injuries in Ontario are categorized into three 'buckets': Minor Injuries, Serious and Catastrophic, each of which has a distinct definition and dollar value of potentially available accident benefits limit.

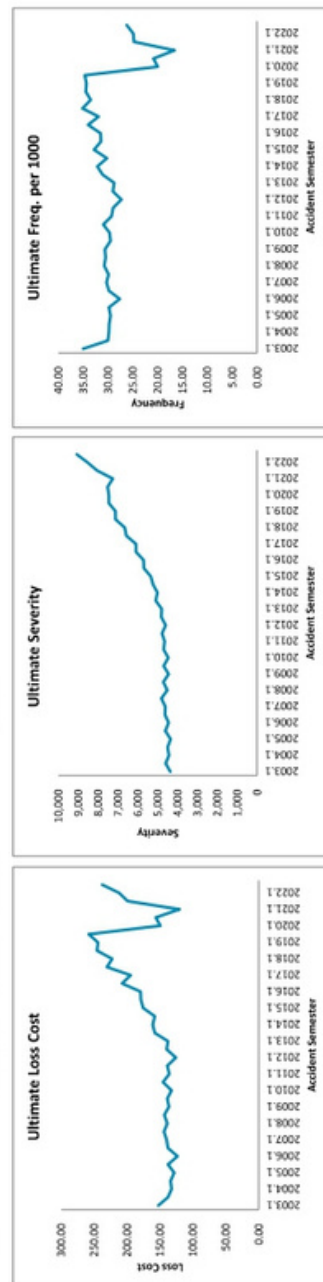
2. Healthcare costs are not rising, but in fact decreasing. According to the [July 2023 Draft Ontario Private Passenger Vehicles Annual Review](#), based on industry data through December 31, 2022 healthcare costs have trended downward and are expected to decrease by 16.3% by 2025, (Reference A).
3. Healthcare costs per claimant are very low at approx. \$6,500 according to the [Health Claims Database](#). This spans all injury types (i.e., Minor Injuries, Serious and Catastrophic). This figure has shown a decreasing trend over the past decade, as far back as this database goes.
4. Ontario's Statutory Accident Benefits System (SABS) healthcare coverage is the poorest in Canada. There is a commonly repeated misconception that Ontario's coverage is "the most generous" in Canada, often citing the \$ 1 million Catastrophic coverage. This, however, neglects to mention that Minor Injury claimants are only covered to a maximum of \$3,500, which is by far the lowest coverage. Assuming, as the data generally shows, that 75% of claimants have Minor Injuries, 24.5% Serious and 0.5% are Catastrophic, the calculation generates an implied weighted average med-rehab limit of only \$23,550. This is the lowest med-rehab funding as compared to other provinces.

# July 2023 Draft - Ontario Private Passenger Vehicles Annual Review

## Pg. 88 - Figure 40

Financial Services Regulatory Authority of Ontario  
Third Party Liability - Direct Compensation  
Private Passengers Vehicles (Excluding Farmers)  
Loss Cost Summary  
Data as of 12/31/22

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Accident Semester	Maturity (in Months)	Earned Car Years	Ultimate Claim Counts	Ultimate Claims and ALAE (000)	UIAE Adjustment	Ultimate Losses & LAE (000)	Ultimate Loss Cost	% Change Seasonal Accident Half Years	Ultimate Severity	% Change Seasonal Accident Half Years	Ultimate Freq. per 1000	% Change Seasonal Accident Half Years	Annual Loss Cost & LAE	% Change Accident Years
2003.1	240	2,905,827	101,670	408,842	1,084	443,185	152,52		4,359		34,99			
2003.2	234	2,986,756	89,714	379,774	1,084	411,675	137,83		4,589		30,04		145,07	
2004.1	228	2,931,824	87,336	351,947	1,100	387,142	132,05	-13.4%	4,433	1.7%	29,77	-14.9%	132,90	-8.4%
2004.2	222	3,007,799	89,362	365,687	1,100	402,256	133,74	-3.0%	4,501	-1.9%	29,71	-1.8%	138,20	0.2%
2005.1	216	2,969,536	87,538	348,924	1,092	381,025	128,31	-2.8%	4,353	-1.8%	29,48	0.4%	133,15	-1.9%
2005.2	210	3,087,171	92,094	389,583	1,092	425,425	137,80	3.0%	4,619	2.6%	29,83	0.4%	138,60	8.6%
2006.1	204	3,043,446	84,131	346,116	1,082	374,498	123,05	-4.1%	4,451	2.3%	27,64	-6.2%	130,60	-2.6%
2006.2	198	3,148,734	93,769	401,306	1,082	434,213	137,30	0.1%	4,631	0.2%	29,78	-0.2%	141,87	-0.6%
2007.1	192	3,101,579	93,929	399,347	1,085	433,291	139,70	13.5%	4,613	3.6%	30,28	0.4%	144,82	-0.6%
2007.2	186	3,210,610	95,976	425,998	1,085	462,208	143,96	4.4%	4,816	4.0%	29,89	0.4%	144,02	-2.6%
2008.1	180	3,181,771	97,785	409,611	1,076	440,742	138,52	-0.8%	4,707	-2.3%	30,73	1.5%	137,30	1.3%
2008.2	174	3,268,341	99,607	435,710	1,076	468,824	143,44	-0.4%	4,748	-0.3%	29,47	-3.3%	139,05	-1.3%
2009.1	168	3,200,181	97,882	404,966	1,075	435,339	136,04	-1.8%	4,448	0.6%	30,94	5.0%	137,23	-3.4%
2009.2	162	3,294,856	97,097	424,604	1,075	456,449	138,53	-3.4%	4,701	-1.3%	29,66	-3.0%	132,60	7.7%
2010.1	156	3,229,722	95,795	401,122	1,066	427,596	132,39	-2.7%	4,464	0.4%	29,66	0.6%	132,60	11.1%
2010.2	150	3,334,891	103,171	455,154	1,066	485,194	145,49	5.0%	4,703	0.0%	30,94	5.0%	137,23	7.7%
2011.1	144	3,274,001	95,920	410,722	1,083	444,812	135,86	2.6%	4,617	3.9%	29,30	-1.2%	132,60	-3.4%
2011.2	138	3,377,108	97,831	432,084	1,083	467,947	138,56	-4.8%	4,783	1.7%	28,97	-6.8%	132,60	11.6%
2012.1	126	3,429,874	99,476	443,339	1,080	478,628	139,55	0.7%	4,811	-0.9%	29,00	0.1%	147,96	7.7%
2012.2	120	3,271,245	96,931	430,023	1,080	464,253	137,71	9.8%	4,790	4.2%	28,75	5.3%	137,23	11.1%
2013.1	114	3,484,402	108,152	509,560	1,080	500,121	157,88	11.3%	5,007	5.7%	31,04	7.0%	149,56	10.0%
2013.2	108	3,417,317	109,863	506,599	1,085	549,805	160,89	16.8%	5,005	4.5%	32,15	11.8%	159,40	7.7%
2014.1	102	3,536,471	106,833	514,739	1,085	538,640	157,57	8.9%	5,346	6.8%	32,77	1.9%	177,09	11.1%
2015.1	96	3,481,625	114,076	552,584	1,104	609,886	175,17	2.4%	5,707	6.8%	31,40	-4.1%	193,56	9.3%
2015.2	90	3,610,268	113,358	585,323	1,104	646,021	178,94	13.3%	6,094	8.3%	34,00	4.3%	212,92	10.0%
2016.1	84	3,775,870	112,469	608,486	1,099	641,888	179,41	2.4%	6,095	6.9%	34,00	1.5%	234,37	10.1%
2016.2	78	3,662,665	116,828	604,773	1,099	707,916	207,22	15.8%	6,094	8.3%	34,00	1.5%	251,48	7.3%
2017.1	72	3,814,761	133,983	800,913	1,099	811,903	230,74	8.3%	6,570	7.8%	35,12	3.3%	212,92	10.0%
2017.2	66	3,760,710	125,925	797,994	1,104	897,198	222,62	14.5%	6,948	9.1%	35,12	5.0%	234,37	10.1%
2018.1	60	3,901,897	134,516	867,956	1,104	958,649	245,69	6.5%	7,112	7.1%	34,50	2.4%	251,48	7.3%
2018.2	54	3,936,117	132,250	846,602	1,113	1,071,862	244,25	5.2%	7,455	4.6%	34,67	4.6%	212,92	10.0%
2019.1	48	3,973,745	131,851	913,782	1,113	1,071,704	238,49	39.9%	7,511	0.9%	35,00	-40.7%	152,74	-39.3%
2019.2	42	3,880,305	127,821	848,437	1,135	1,021,320	156,36	-39.5%	7,511	0.9%	35,00	-40.7%	152,74	-39.3%
2020.1	36	3,808,071	62,892	415,541	1,135	621,320	136,36	-39.5%	7,511	0.9%	35,00	-40.7%	152,74	-39.3%
2020.2	30	3,818,502	65,927	415,541	1,135	621,320	136,36	-39.5%	7,511	0.9%	35,00	-40.7%	152,74	-39.3%
2021.1	18	4,040,446	99,027	707,761	1,136	893,215	198,92	37.2%	8,043	7.1%	34,77	18.8%	160,26	4.9%
2021.2	12	3,972,856	98,823	753,057	1,137	893,215	211,76	75.9%	8,513	17.4%	34,87	48.8%	160,26	4.9%
2022.1	6	4,092,765	107,234	870,766	1,117	972,808	237,69	19.5%	9,007	12.8%	26,22	6.0%	224,92	40.3%
Total		138,368,492	4,091,897	21,054,628		23,116,227								





## ***Impact on Injured Consumers*** **Drill Down**

Ontario requires all drivers to buy a mandatory auto insurance package. The purpose of this is first and foremost to protect the public against adverse events. For our auto insurance scheme to work premiums must be reasonable and insurance companies need to be reasonably profitable. However, the system has been out of balance for a number of years, as if forgetting its original purpose. There are many ways in which the system is now letting injured consumers (claimants) down.

Since 2010, all of the changes made to Ontario's auto insurance scheme have disadvantaged the injured:

- No adjustment to accident benefits for over 13 years while tort-deductibles (which benefit insurers) are indexed to inflation; currently, the deductible for damages for non-pecuniary loss is \$44,367.24 when damages do not exceed \$147,889.59.
- Less insurer accountability to claimants for making timely and reasonable decisions that impact their treatment.
- Higher levels of denials mean increasing numbers of claimants' conditions worsen unnecessarily and unresolved acute conditions become chronic and more complex.
- An increasingly complex system that injured claimants cannot navigate easily.
- A less operationally engaged regulator.
- Changes to the dispute mechanism that lead to protracted disputes and delays in treatment.
- Disproportionate use by insurers of Independent Exams (IE) to evaluate treatment plans proposed by rehab providers who are Regulated Health Professionals.
- The [2023 Health Claims Database Standard Report](#) shows that, using 2019 as a representative year with matured costs, the percentage of insurer examinations relative to treatment was 33.3%. This means that for every dollar of treatment insurers spend \$0.33 trying to deny it.



These negative impacts on claimants are experienced first hand by health service providers in the sector as they struggle to advocate for their clients and provide the quality of treatment required of them by their professional Colleges.

The situation is made much worse by the decade-long freeze on provider fees which is driving clinicians providers out of the sector and impacting claimant care. Fewer clinicians doing this work leads to reduced access to treatment, especially in rural and remote areas, and/or higher costs due to increased travel. If healthcare providers propose updated pay rates on treatment plans so that they can pay their staff fairly and competitively, the plans are denied by insurers.

Government intervention is urgently needed to recalibrate this situation and better address the needs of claimants. Adjusting health service provider rates to accommodate for inflation and stay consistent with market rates must be done in tandem with similarly adjusted medical-rehabilitation benefit caps to avoid a situation that will translate into less services (hours) received by claimants.

Healthcare services are a needed lifeline to restore the often shattered lives of those injured in motor vehicle accidents. Though most recover with appropriate healthcare, all injured persons are at their most vulnerable following an accident and in need of a pathway back to health.

# ABOUT ORA

The ORA represents primarily small to medium sized healthcare businesses that collectively employ upwards of 4000 healthcare providers including Regulated Health Professionals from all disciplines, social workers, personal support and rehabilitation support workers. We are the primary providers of rehabilitation to Ontarians seriously injured in automobile accidents. Most of our members work throughout the healthcare system, giving us a wide-angle view. We are the only association focused primarily on the interests and issues of health providers in the auto sector.

Our member companies operate in home, community and clinic settings. As health professionals we have a strong duty of care to our clients, as business owners we have a responsibility to keep the business viable for ourselves, our staff, and the clients who depend on us.

On behalf of its members, the ORA advocates for motor vehicle accident victims, adequate insurance benefits, and fair treatment of those injured. We help members to navigate the claims system with timely information bulletins on new requirements and issues, and with resources to support daily operations.

**Please connect with Laurie Davis,  
Executive Director, for more information  
regarding our advocacy campaigns and  
the Ontario Rehab Alliance.**

## Contact

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