**Simplifying Benefits:**

**What a “Health Spending Account” might mean to people on OW & ODSP**

On November 22, the Minister of Children, Community and Social Services announced a number of proposed changes to the social assistance system in Ontario. Among these proposed changes are the creation of a “Health Spending Account”.

**What is a Health Spending Account?**

There are currently very few details about the proposed Health Spending Account. During her November press conference, Minister MacLeod mentioned her intention to create this account, which she said would allow people to “choose benefits that are most suitable for their situation”. The Ministry’s press release and background material does not mention the Health Spending Account. It does, however, say that the Ministry plans on “redesigning ODSP to consolidate complex supplements and benefits into simplified financial support for people with severe disabilities”.

This could mean that the intention is to replace any or all current disability-related health benefits with the Health Spending Account. Currently, people on Ontario Works (OW) and the Ontario Disability Support Program (ODSP) can access several disability-related health benefits like:

* Special diet allowance
* Diabetic supplies
* Surgical supplies and dressings
* Incontinence supplies
* Medical transportation
* Assistive devices co-payments
* Guide dog benefit
* Hearing aids
* Batteries / repairs for mobility devices
* Vision care

The Health Spending Account could “consolidate” any or all of these benefits into one set amount of money that people with disabilities would be able to spend on their health-related needs. A number of important questions must be asked about this kind of change:

* ***Amount of the benefit***: Will a Health Spending Account give people enough money to pay for all of their health-related needs, especially if their costs are very high? For example, a person living in a rural area or remote community who has diabetes and incontinence and needs to see their doctor and a specialist on a regular basis could have very high costs for diabetic supplies, incontinence supplies, and medical transportation, as well as receiving the Special Diet Allowance. Will the Health Spending Account be enough to pay for all of these expenses? And will all of the health-related needs that are currently covered be included in what people are allowed to spend the money on?
* ***Access and administration***: How will people access the Health Spending Account? Will it work like the Ministry’s Developmental Services Passports where people have to pay for their needs in advance and then get reimbursed later, instead of getting the money to pay for them up front? If so, this could cause significant hardship.
* ***Eligibility***: Who will have access to the Health Spending Account? If the idea is to “consolidate complex supplements and benefits into simplified financial support *for people with severe disabilities*,” many people with disabilities may be excluded.

The Minister has announced that she wants to change the definition of disability in ODSP “to align with federal guidelines”. Federal disability benefit programs use a definition of disability that requires people to have a “severe and prolonged” disability in order to be eligible. If the ODSP definition is changed in this way, fewer people with disabilities in Ontario who apply for ODSP in the future will qualify. People with episodic disabilities, like depression or multiple sclerosis, or time-limited disabilities, like most breast cancers, and people who experience the cumulative impacts of several health conditions may not be eligible. They will have to rely on the much lower benefit rates that Ontario Works provides. And we don’t yet know what access people on OW will have to health-related benefits.

More information about the impact of changing the definition of disability is available here: <http://incomesecurity.org/public-education/changing-the-odsp-definition-of-disability/>.

* ***Impact on eligibility for OW and ODSP***: If the Special Diet Allowance is eliminated and “consolidated” into the Health Spending Account, fewer people will qualify for OW and ODSP in the future. This is because eligibility for the Special Diet Allowance is part of calculations that are done to see if people are eligible when they first apply for OW or ODSP.

Financial eligibility for OW and ODSP is determined by first calculating how much a person is eligible for in base benefits (basic needs and shelter) and a few other benefits including the Special Diet Allowance – this is called their “budgetary requirements”. Once that is determined, the person’s total income is reviewed. If the person has less income than the total amount that they would be eligible for – i.e., their income is less than their “budgetary requirements” – then they qualify.

If the Special Diet Allowance is eliminated and removed from the calculations for “budgetary requirements”, fewer people (i.e., those with certain health conditions that are currently given additional funding to pay for special dietary needs) will be able to qualify for OW or ODSP. This will reduce the number of people on OW or ODSP in the future and reduce costs to government.

**When will we know more?**

In November 2018, the government said that more details about changes to OW and ODSP will be available in winter 2019, which could mean announcements in the upcoming provincial budget. They also said that changes will be implemented over the following 18 months to two years.

ISAC will provide more information and analysis as more details are available.