

# A Necessary Reform for Ontario's Auto Insurance Framework: Promoting Equity in Professional Services and Minor Injury Guidelines

A Comprehensive Analysis of the Professional Services Guidelines

## Overview

As of October 2024, compensation for healthcare providers treating motor vehicle accident victims in Ontario is below what it was in 1996. Health professionals have effectively been subsidizing the auto insurance sector, delivering care for complex cases at capped rates that set both the patient and provider up for failure. Interaction with the Financial Services Commission of Ontario (FSCO), the Financial Services Regulatory Authority (FSRA), and the insurance lobby has left professionals frustrated and disillusioned. Their concerns, ranging from inadequate fees and the burden of excessive red tape to redundant licensing requirements, have been repeatedly ignored. These ongoing challenges have created an untenable situation that has resulted in a system where administrative overhead, not care, has become the major cost driver for auto insurance premiums. Consequently, patients do not achieve optimal recoveries and are shifted onto the public health system, where they remain for the rest of their lives. This outcome is the product of ignoring healthcare professionals while giving undue weight to the misleading narratives of the insurance lobby.

This problem has persisted for over two decades because we've continued to listen to the same voices that have led us down the wrong path.

In 1996, healthcare providers received \$120 per treatment session, which was reduced to \$84 per hour in 1997. Today, the rate remains a mere \$99.75 per hour. Moreover, the Minor Injury Guideline (MIG) further reduces compensation to an unsustainable \$200 for a four-week treatment block. This manipulation by financial regulators, favouring the insurance industry, has harmed healthcare practices and resulted in moral injury, driving many professionals away from treating accident victims.

Healthcare providers across Ontario play a critical role in the recovery of those severely injured in motor vehicle accidents. Unfortunately, the FSRA's current Professional Services

Guidelines (PSG) and MIG fail to provide adequate compensation for the services necessary for complete rehabilitation. Despite Ontario being the most expensive province for auto insurance, FSCO never reviewed the MIG after the promised five-year trial period, nor did they index it for inflation. This has left Ontario with the lowest MIG compensation in the country.

The failure to update these guidelines has led to poor patient outcomes, over-reliance on the public health and welfare systems, and the financial destabilization of healthcare practices. Many patients who lose their jobs following a car accident become reliant on ODSP, turning once-productive citizens and taxpayers into dependents of the social safety net.

This document outlines the pressing need for substantial increases in PSG rates, a revision of the MIG cap, and an examination of the broader effects that the FSRA's policies have on patient care, the healthcare system, and societal costs.

## Insufficient Compensation Yields Poor Recovery Outcomes

- **Current Payment Structure:** Under the Statutory Accident Benefits Schedule (SABS), physiotherapy services are reimbursed at approximately \$99.75 per hour. This rate is insufficient to cover the costs of delivering quality care, including the necessary administrative work, equipment, and overhead. In contrast, tradespeople like electricians and plumbers earn around \$195 per hour—nearly double what physiotherapists receive for equally skilled labour.

- **Impact on Care Quality:** The low reimbursement rates force healthcare providers to see more patients simultaneously, leading to less time spent with each patient. This compromises the care provided and results in incomplete recoveries. Patients who don't receive adequate rehabilitation are more likely to develop chronic conditions, placing a heavier burden on the healthcare system over time.

- **Healthcare Provider Exodus:** The low pay rates have driven many skilled providers out of Ontario to jurisdictions where their work is properly valued. This further reduces the availability of qualified professionals and negatively impacts patient outcomes.

## Market Manipulation in the Healthcare Sector

- The Consequences of Cost Suppression: FSRA's policy of artificially capping PSG rates has led to worse patient outcomes and higher costs for the healthcare system overall. By underpaying healthcare providers, the regulator has driven professionals away, which has decreased the quality of patient care.

- Poor Patient Outcomes: The compensation structure under both the PSG and MIG does not provide for sufficient care, resulting in inadequate recoveries for many patients. The \$3,500 MIG cap, in particular, is insufficient for treating injuries that require extensive rehabilitation.

- Neglecting to Track Outcomes: The FSRA has not adequately tracked recovery outcomes or return-to-work rates. The focus on controlling costs rather than ensuring patient well-being has led to poorer recovery rates and greater societal costs.

## The Flawed Logic Behind Fearing Higher Premiums

- The Cost of Complete Recovery: The argument that raising PSG rates would increase insurance premiums is overly simplistic. Facilitating complete recoveries through appropriate compensation for care is far more cost-effective in the long run, as it reduces reliance on the public health system and cuts down on settlement and administrative expenses.

- The True Cost of Inadequate Care: Incomplete recoveries result in much higher long-term costs, including those associated with chronic pain, disability benefits, and decreased workforce participation. The current system, which emphasizes short-term savings, ultimately burdens both the public health system and taxpayers.

- Fair Compensation for All: If the FSRA is determined to keep fees suppressed due to concerns over premium hikes, it should apply the same logic to executive compensation within insurance companies. Reducing their pay to 1996 levels would mirror the cuts forced on healthcare providers nearly three decades ago.

## The Impact of Mandatory Auto Insurance

- Captive Consumers, Inefficient Service: Mandatory auto insurance in Ontario means that consumers must purchase coverage regardless of the quality of care they receive. This results in a system with little incentive for insurance companies to improve efficiency or ensure proper care for accident victims.

- **Corporate Gains Over Patient Welfare:** By keeping compensation for healthcare providers low, insurance companies can boost their profits at the expense of patient care and public welfare.

- **Shifting Costs to the Public:** When private insurers avoid paying for adequate care, the costs are passed onto the public system. This results in higher expenses for society as patients who don't recover fully end up dependent on public welfare systems.

## The Complexity of Motor Vehicle Accident Injuries

- **Complicated, Multi-System Injuries:** Injuries from car accidents often affect multiple parts of the body, such as the neck and shoulders, requiring a holistic approach to treatment. A lack of sufficient care exacerbates these issues, leading to longer recovery times and more chronic conditions.

- **Severity of High-Velocity Trauma:** Car accident injuries tend to be more severe than everyday injuries and require comprehensive rehabilitation to address both physical and psychological trauma.

## The Disparity Between Healthcare and Trade Compensation

- **Higher Pay for Trades:** It is concerning that insurance adjusters value tradespeople like plumbers at nearly double the rate of healthcare providers. This discrepancy devalues the critical work of healthcare professionals and compromises the care patients receive.

- **The True Cost of Underpaying Providers:** By underpaying healthcare providers, the system fails patients, resulting in poorer recovery outcomes and higher long-term costs for society.

## Conclusion and Recommendations

- **Raise PSG Rates:** Compensation should be increased to \$400 for 50 minutes of care, reflecting the complexity and intensity of the rehabilitation services required for full patient recovery. This adjustment will reduce the outflow of skilled providers from Ontario and improve patient outcomes.

- Revise and Index the MIG Cap: The MIG cap should be raised to \$15,000 and adjusted for inflation. This will provide adequate funding for necessary treatments, reduce reliance on public healthcare systems, and support more complete recoveries.

- Improve FSRA Accountability: The FSRA must focus on tracking recovery rates and return-to-work outcomes, prioritizing patient well-being over cost containment.

- Align Insurance Practices with Public Health Goals: Insurance company practices must support broader public health objectives, ensuring that healthcare providers receive adequate compensation to cover the cost of comprehensive care.

By adopting these reforms, Ontario can improve outcomes for accident victims, support its healthcare professionals, and build a more equitable and efficient healthcare system.