



Financial Services  
Commission  
of Ontario

Service Providers  
2014 Annual Information Return  
Results Summary Report

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## About FSCO

The Financial Services Commission of Ontario (FSCO) is a regulatory agency established by the Financial Services Commission of Ontario Act, 1997 and accountable to the Minister of Finance. FSCO oversees insurance, pension plans, mortgage brokering, credit unions and caisses populaires, co-operative corporations, loan and trust companies in Ontario, and health service providers that invoice auto insurers for statutory accident benefits claims

As an organization, FSCO is committed to being a progressive and fair regulator, working with stakeholders to support a strong financial services industry, and protecting the interests of financial services consumers and pension plan members.

FSCO applies a risk-based approach to regulation that directs resources to situations deemed to have a higher risk. The information gathered through the AIR helps FSCO to identify, assess and monitor risk in the service provider sector. FSCO's [Regulatory Framework](#) details its risk-based approach.

## About the Licensed Service Provider Sector

A service provider is a business that provides medical and rehabilitation treatments and services to auto insurance claimants. Eligible goods and services are specified in the [Statutory Accident Benefits Schedule \(SABS\)](#) under the Insurance Act. These eligible goods and services are also known as "[listed expenses](#)."

Service providers are typically health and rehabilitation clinics or providers of assessments and insurer examinations. Service provider businesses range from sole proprietors to large corporations. They may specialize in a single type of service or provide multiple services. Treatments and services to auto insurance claimants may represent all or part of a service provider's business and service providers may also deal with private clients and others such as OHIP patients.

In order to receive payments directly from insurers, a service provider must have a valid FSCO licence and carry out its billing via the [Health Claims for Auto Insurance system](#) (HCAI). Licensed service providers can bill insurers directly for listed expenses:

- Chiropractic, physiotherapy, massage therapy, acupuncture and other treatment services.
- Assessments and insurer examinations by medical, occupational and other specialists of auto insurance claimants to assist in establishing eligibility for covered benefits.
- Medical equipment such as orthotics, prosthetics, and other supplies.
- Other healthcare services by occupational therapists, case managers for catastrophic injuries, and others.

When licensed service providers are able to bill insurers directly, the need for claimants to pay out-of-pocket is avoided. Conversely, service providers without a FSCO-issued licence must seek payment for covered goods and services directly from claimants who, in turn, would need to seek reimbursement from their insurers.

At the end of 2015, Ontario health care facilities holding FSCO-issued service provider licences represented 99 per cent of the total invoice dollar volume conducted through HCAI.

FSCO has oversight of the billing and business practices of licensed service providers.

### About the AIR

The Service Provider Annual Information Return (AIR) is a questionnaire that collects information about the business practices and internal controls of a service provider licensed by FSCO. The service provider's principal representative is responsible for completing the AIR.

AIR filings help FSCO to assess overall compliance with the Insurance Act and regulations. The filings also assist FSCO with market analysis and risk assessment of the service provider sector.

AIR results show important information about the sector and the marketplace, for example:

- Auto insurance health claims approval and payment practices.
- Accuracy of licensing information.
- HCAI submission practices.
- Potential areas for further study in on-site examinations.

For service providers, completion of the AIR also acts as a refresher of legal and compliance requirements.

### 2014 Service Provider AIR

The 2014 AIR collected information from licensed service providers about business practices and internal controls they had in place during the 2014 calendar year (January to December). The deadline for completion of the AIR was March 31, 2015 and all service providers holding a licence as at December 31, 2014 were required to submit the AIR.

The 2014 AIR was the first for the sector and it was conducted shortly after service provider licensing took effect on December 1, 2014. Despite inexperience – and a short completion window of one month – there was a very high level of compliance among service providers, with 99 per cent, or 3,341, filing the return.

As this is the first AIR Results Summary Report, the data collected and combined by FSCO was used to establish a baseline profile of the service provider sector.

## 2014 Service Provider Sector Profile

### 1. Business Structure of Licensed Service Providers

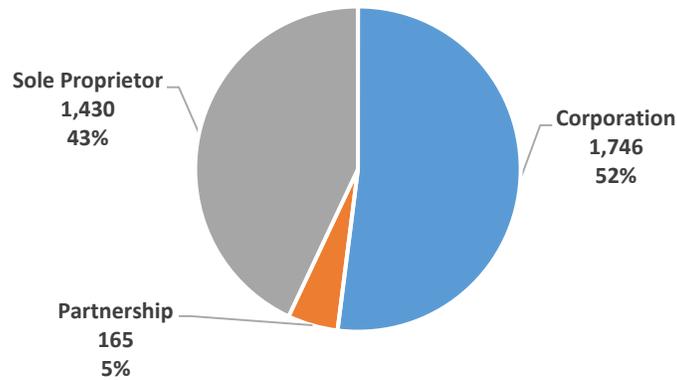
FSCO issues service provider licenses to the following legal entity types:

- Corporation
- Partnership (general or limited)
- Sole proprietorship

As licences are issued to the legal business entity, only one licence is necessary for a service provider business that operates more than one facility, branch or location.

The following chart illustrates the breakdown by business structure of licensed service providers in 2014.

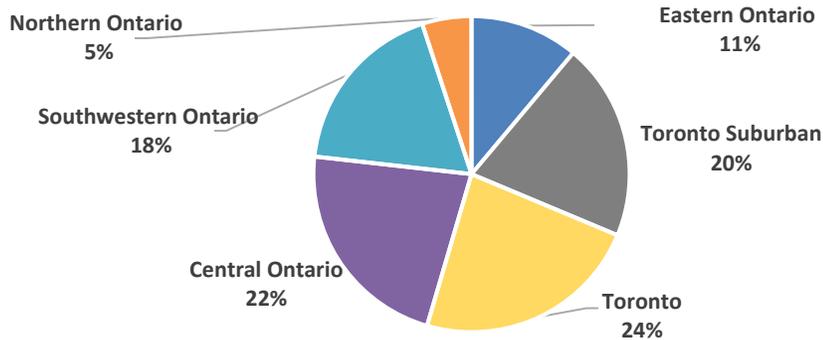
Chart 1 - Licensed Service Providers by Business Structure - Number and Percentage of Total



## 2. Region

In 2014, over half of service providers licensed by FSCO were located outside of Toronto and Toronto Suburban. The geographic distribution of service providers was as illustrated in Chart 2 below.

Chart 2 - Percentage of Licensed Service Providers by Region\*



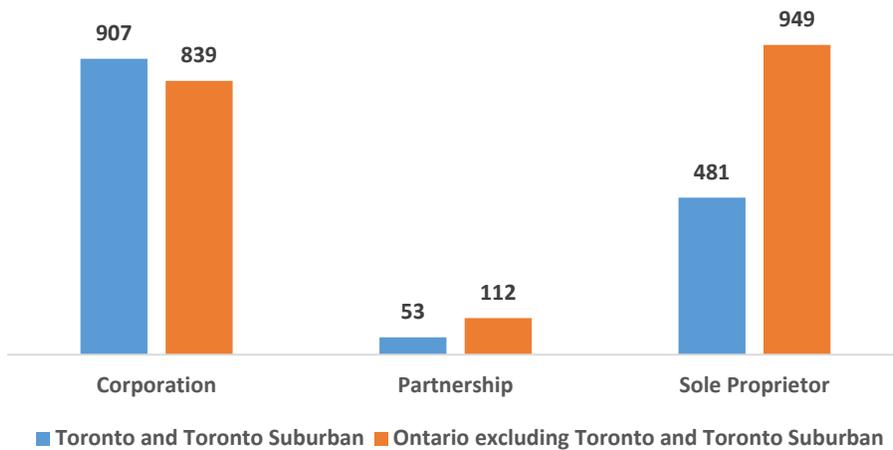
\*See Appendix 2 for region detail.

## 3. Service Provider Business Structure by Region

In 2014, service providers operating in regions outside Toronto and Toronto Suburban were about equally likely to be corporations or sole proprietorships. In Toronto and Toronto Suburban, corporations were about twice as common as sole proprietorships.

The regional breakdown of service provider business structures is illustrated in Chart 3.

Chart 3 - Licensed Service Provider Business Structure by Region



#### 4. Insurer Examinations

Under the Insurance Act and regulations, insurers may require auto insurance claimants to be assessed by a specialist in order to establish eligibility for benefits.

**Twelve per cent of licensed service providers reported providing these types of assessments, known as insurer examinations, during 2014.**

#### 5. Preferred Provider Networks

Preferred Provider Networks (PPNs) are groups of insurer-selected health care providers who deliver programs of care to claimants with certain types of injuries resulting from a motor vehicle accident. PPNs are generally characterized by one or more of the following:

- A contractual relationship between the insurer and the health practitioner, often including pre-arranged prices for service.
- Claimant participation in the PPN resulting from insurer referral.
- Treatment pre-approved by the insurer or a cap set by the insurer on the cost or number of weeks of treatment, subject to the minimum requirements set out in the SABS.

Although the Insurance Act is silent on the delivery of medical and rehabilitation benefits by PPNs, FSCO's Bulletin A-08/06 provides best practices in the use of PPNs, such as disclosure and written consent regarding the claimant's right to choose a service provider.

**In 2014, five per cent of licensed service providers reported participation in PPNs.**

#### 6. Principal Representative

The principal representative of the service provider is the individual designated as the primary contact for FSCO. The principal representative is responsible for the service provider's licence and compliance with the law.

As summarized in the table below, the designation of a principal representative is determined by the business structure of the service provider.

Where the licensee's business structure is a...	Principal representative must be...
Corporation	Director or officer of the corporation
General partnership	Partner
Limited partnership	General partner, or a director or officer of a corporation that is a general partner
Sole proprietorship	Sole proprietor

For the majority of service providers, the principal representative was a [regulated health professional](#) (RHP), such as a chiropractor or physiotherapist.

**In 2014, 82 per cent of principal representatives were regulated health professionals.**

The balance of service providers (18 per cent) had principal representatives that were not RHPs. These businesses fell into the following categories:

- A director, officer or partner of the business, other than the principal representative, was an RHP.
- The business hired RHPs to provide treatments and assessments.
- The business provided goods and services not requiring a staff RHP.

### **7. Claimants Treated or Assessed by Licensed Service Providers**

As a group, licensed service providers reported conducting assessments or providing treatment to over 150,000 claimants in 2014.<sup>1</sup>

The claimant numbers reported by the sector established the scale of SABS business for each service provider in 2014. The data also showed the relative volume of claimants treated or assessed by service provider business type.

As illustrated in Chart 4, while corporations made up 52 per cent of all licensed service providers, their volume of claimants represented 77 per cent of the total.

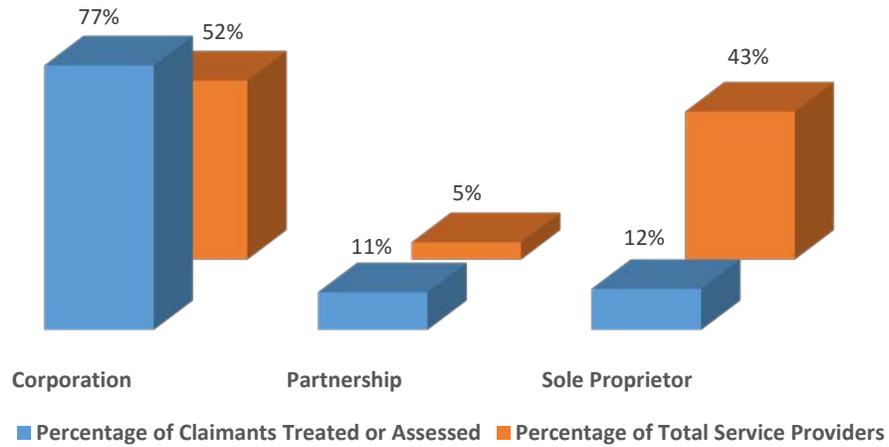
Partnership service providers made up five per cent of licensed service providers while claimants treated or assessed by partnerships represented 11 per cent of the total.

Conversely, sole proprietorships made up 43 per cent of all licensed service providers, but claimants they treated or assessed made up only 12 per cent of the total.

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<sup>1</sup> As a claimant may be assessed or treated by multiple service providers during his or her recovery, there is no direct correlation between the number of claimants reported by all service providers and the overall number of claimants receiving services.

Chart 4 - Share of Claimants by Service Provider Business Structure



### Going Forward

The 2014 AIR collected information from licensed service providers about their business practices and internal controls during 2014.

The resulting combined data allowed FSCO to establish a baseline profile of the sector. The baseline will serve as a reference point from which FSCO will measure changes and trends as the sector matures under regulation.

## Appendix 1: Key Terms

### Claimant /Auto Insurance Claimant

For the purposes of this report, a claimant or auto insurance claimant refers to an individual on whose behalf a licensed service provider receives payment from an auto insurer for specified goods or services under the Statutory Accident Benefits Schedule, or SABS, in respect of a single auto accident.

### Health Claims for Auto Insurance

The Health Claims for Auto Insurance (HCAI) system automates the exchange of standardized health claim information between health care providers and insurance companies in Ontario.

### Listed Expenses

Listed expenses are assessments, examinations, reports, forms, plans, goods and services that need to be billed through the Health Claims for Auto Insurance (HCAI) system using an Auto Insurance Standard Invoice.

### Regulated Health Professional

Ontario Regulation 34/10 Statutory Accident Benefits Schedule, describes a regulated health professional as a member of a regulated health profession where the profession is governed by:

- a college as defined in the Regulated Health Professions Act, 1991, or
- the Ontario College of Social Workers and Social Service Workers under the Social Work and Social Service Work Act, 1998.

While FSCO regulates the billing and business practices of service providers, regulatory colleges continue to be responsible for maintaining the clinical practice standards of the regulated health professionals who provide care and services on behalf of licensed service providers.

### Statutory Accident Benefits Schedule

The standard auto insurance policy in Ontario provides certain benefits to persons injured in an auto accident regardless of who is at fault. These benefits are defined by a regulation under the Insurance Act and commonly known as the Statutory Accident Benefits Schedule or SABS.

**Appendix 2: Regions**

<b>Region</b>	<b>Postal Code Prefix</b>
Eastern Ontario	K
Toronto	M
Suburban Toronto	L1S, L1T, L1V, L1W, L1X, L1Y, L1Z, L3P, L3R, L3S, L3T, L4A, L4B, L4C, L4E, L4H, L4J, L4K, L4L, L4S, L4T, L4V, L4W, L4X, L4Y, L4Z, L5A, L5B, L5C, L5E, L5G, L5H, L5J, L5K, L5L, L5M, L5N, L5P, L5R, L5S, L5T, L5V, L5W, L6A, L6B, L6C, L6E, L6G, L6P, L6R, L6S, L6T, L6V, L6W, L6X, L6Y, L6Z, L7A, L7K, L9Z
Southwestern Ontario	N
Central Ontario	L0A, L0B, L0C, L0E, L0G, L0H, L0J, L0K, L0L, L0M, L0N, L0P, L0R, L0S, L0W, L1A, L1B, L1C, L1E, L1G, L1H, L1J, L1K, L1L, L1M, L1N, L1P, L1R, L2A, L2E, L2G, L2H, L2J, L2M, L2N, L2P, L2R, L2S, L2T, L2V, L2W, L3B, L3C, L3K, L3M, L3V, L3X, L3Y, L3Z, L4G, L4M, L4N, L4P, L4R, L6H, L6J, L6K, L6L, L6M, L7B, L7C, L7E, L7G, L7J, L7L, L7M, L7N, L7P, L7R, L7S, L7T, L8E, L8G, L8H, L8J, L8K, L8L, L8M, L8N, L8P, L8R, L8S, L8T, L8V, L8W, L9A, L9B, L9C, L9G, L9H, L9J, L9K, L9L, L9M, L9N, L9P, L9R, L9S, L9T, L9V, L9W, L9Y
Northern Ontario	P