



Consultation Paper
**Health Service
Provider (HSP)
Framework Review**
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Executive Summary and Background

The Financial Services Regulatory Authority of Ontario (“FSRA”) was launched in 2019 as an independent regulatory agency established to improve, amongst other things, consumer, credit union member and pension beneficiary protection in Ontario.

In supervising and regulating the auto sector, FSRA is guided by its statutory objects under section 3(2) of the *Financial Services Regulatory Authority of Ontario Act, 2016* (“**FSRA Act**”).

A review of the Health Service Provider (“HSP”) Framework supports and aligns with the following objects:

- regulate and generally supervise the regulated sectors
- cooperate and collaborate with other regulators where appropriate
- deter deceptive or fraudulent conduct, practices and activities by the regulated sectors
- protect the rights and interests of consumers

In its [2024 Ontario Budget](#), the Government committed to move forward with auto insurance reforms, and included a request that FSRA conduct a review of the HSP Framework “to find administrative and cost efficiencies to contribute to having a more modern and efficient system.”

This consultation paper is part of FSRA’s review of the HSP Framework and sets out options that fall within FSRA’s authority to implement and also advances the Government’s commitments to improve Ontario’s auto insurance system.

Purpose of Consultation and Desired Outcomes

To support FSRA's Statutory Objects, its 2024-2027 Annual Business Plan and the Government's budget commitment, FSRA is reviewing the HSP Framework and setting out administrative and cost-efficient options to modernize the system and make it more efficient.

This review will focus on ensuring that the current framework is fit for purpose and is accomplishing its intended goal. In developing the proposed options set out herein, FSRA has synthesized its past findings/reports on the framework, reviewed its existing processes, and leveraged previous stakeholder engagement. FSRA is engaging stakeholders to better understand the benefits/disadvantages of the proposed options, as well as the possible impacts. Following feedback from consultations and reviewing internal data, FSRA will refine its recommendations to move forward.

Broader Legislative Framework

Under the *Insurance Act* (section [288.4 \(1\)](#)) and its regulations ([O. Reg. 348/13: Service Providers – Licensing](#), [O. Reg. 90/14: Service Providers - Standards for Business Systems and Practices and Other Prescribed Conditions](#)), businesses that provide health, rehabilitation and assessment services must be licensed by FSRA to receive direct payments from auto insurers for medical and rehabilitation services provided to Statutory Accident Benefits Schedule (“**SABS**”) claimants:

- insurers are prohibited from making payments directly for listed SABS expenses to unlicensed businesses.
- a licence holder must comply with standards prescribed by FSRA with respect to its business systems and practices in connection with statutory accident benefits, matters of integrity in the management of the licensee's operations, and other conditions that FSRA may prescribe by rule.

- FSRA requires all licensees to submit financial information by means of the Annual Information Return (“**AIR**”). FSRA uses this information to help identify, assess and monitor risk in the HSP sector, and to calculate annual regulatory fees.

All HSPs are required to bill through the Health Claims in Auto Insurance (“**HCAI**”) system, which is an electronic system that enables the transmission of Ontario SABS auto claim forms (“**OCFs**”) between insurers and health care facilities, including invoices. All HSPs must submit requests and billing for goods and services via HCAI, but only HSPs licensed with FSRA can receive direct payments from insurers. Direct billing reduces the need for consumers to pay out of pocket and wait for reimbursement. FSRA is also conducting a review of the HCAI system to find administrative and cost efficiencies to contribute to having a more modern and efficient system.

FSRA’s role in HSP licensing and supervision is to monitor the conduct of regulated entities, with oversight of the business and billing practices of licensees. Notably, FSRA’s role does not include overseeing standards of practice or quality of care provided by regulated health professionals, which falls under the supervision of the Regulatory Health Colleges (“**RHC**”).

FSRA’s role in this sector includes:¹

- regulating and supervising HSPs to ensure financial safety and fairness for Ontarians.
- engaging in dynamic principles-based and outcomes-focused regulation by monitoring and evaluating developments and trends.
- promoting honesty and credibility in the industry by deterring deceptive or fraudulent conduct, practices, and activities.

¹ <https://www.fsrao.ca/industry/health-service-providers/health-service-provider-hsp-licensing-toolkit-understanding-your-fsra-licensing-obligations>.

Health Service Provider (HSP) Framework

In 2014, the Financial Services Commission of Ontario (“**FSCO**”) began to regulate HSPs through a regulatory licensing framework to address fraud in the sector.

Significant changes have been enacted since the implementation of a regulatory framework for HSPs, including the implementation of the HCAI system for submitting claims and using data for building data and analytics capabilities.

The primary function of an HSP licence is for HSPs to receive direct payments from auto insurers for services provided to SABS consumers. By licensing HSP’s, FSRA could better detect and address fraud in the sector and identify and address billing fraud and any potential conflicts of interest. Through its licensing framework, FSRA is addressing the issues and managing risks within the sector as it relates to providers billing through HCAI to receive direct payment.

See *Appendix A and B* for an overview of the HSP licensing process and compliance approach respectively. See *Appendix C* for an overview of FSRA’s role in the auto insurance sector.

Past FSRA Improvements to HSP Regulation (2019-2023)

An internal review was conducted prior to the launch of FSRA which found key issues around administrative burden and the compliance/enforcement approach. In addressing these issues, FSRA subsequently put in place initiatives that were intended to reduce burden and fraud in the sector.

In Ontario, there are 4,992 licenced HSPs which provide medical and rehabilitation treatment for consumers. These initiatives included:

- enhancing FSRA’s compliance approach, including streamlining the AIR, which led to a 30% reduction in data requested.
- building relationships with RHCs.

- gaining direct access to HCAI data.
- improving transparency by issuing a forward-looking supervisory plan and an annual report on the results of that supervisory plan.
- using a risk-based approach when performing reviews, where HSPs are selected for reviews based on available data, such as complaints or past sanctions.
- launching a new Criminal Record and Judicial Matters Check (“**CRJMC**”) process using a third-party vendor, Triton Canada. In the new process, both FSRA and the licence applicant receives a copy of the criminal record check results in a timely manner, resulting in increased efficiency for licensing staff in the review of applications.

Stakeholder Feedback

Since 2023, FSRA has received feedback on the HSP framework from various stakeholders including HSPs and insurers. Some of the feedback FSRA has received includes the following:

- The current requirement for HSPs to obtain a licence in order to bill electronically does not appear to be achieving the intended objectives of controlling costs and ensuring effective provisions of benefits by reducing fraud.
- HSP stakeholders have raised concerns that FSRA’s regulatory approach is redundant with oversight of Ontario’s regulated health professionals by the RHCs.
- FSRA’s role is too narrow and limited to monitoring conduct of regulated entities, with oversight specifically pertaining to the business and billing practices of licensees.
- Fraud and abuse in the auto insurance system, which HSP licensing was intended to manage, is still perceived as a major issue by the public and stakeholders despite the implementation of HSP licensing and conduct oversight.

- Administrative requirements should be reduced, including minimizing unnecessary administrative tasks and paperwork to ease the regulatory burden on HSPs.
- Creating better communication avenues with RHCs will be a good step in terms of data sharing, but there also needs to be greater clarity between the roles and responsibilities of RHCs and FSRA.

Note: FSRA has not verified the claims made in the statements above. We encourage stakeholders to share any relevant data or evidence so we may consider it as part of our HSP Framework review.

HSP Framework Review Opportunities

FSRA has identified the following opportunities that can provide administrative and cost efficiencies to contribute to having a more modern and efficient HSP Framework. FSRA is soliciting stakeholder feedback on the proposed initiatives, including how they should be prioritized.

These initiatives are not intended to be mutually exclusive, i.e., they are not being offered as discrete options, but instead may be implemented concurrently and/or on a staggered timeline. Note that these initiatives are at different stages of implementation and funded by FSRA.

FSRA also welcomes stakeholder ideas about other opportunities for administrative and cost efficiencies not included here, but which could also make the HSP Framework more modern and efficient.

FSRA is continuing to collect evidence to validate its HSP Framework recommendations and welcomes relevant data from stakeholders. This information will help inform FSRA's review findings and support its decision-making.

Initiative A: Opportunity to Modernize HSP Licensing Through FSRA Process and System Improvements

Rationale:

Stakeholder feedback on HSP licensing centred on barriers and challenges in providers keeping their licensing information up to date.

To address these issues, FSRA will introduce a new software system that will improve the licensing process.

Considerations:

- New licensing software system will:
 - Allow for seamless and barrier-free access to licensees' information.
 - Decrease application processing time.
 - Lead to faster and a more efficient licensing regime through increased automation.
 - Be more effective and efficient in identifying incorrect/likely fraudulent information due to its use of technology and analysis of accurate data.
 - Help build a profile for each applicant to show relationships across sectors and between related parties to the applicant.
- HSP licensing will also utilize the Decision Support Portal (“**DSP**”). The DSP is an Artificial Intelligence (“**AI**”) tool to support risk identification in the licensing review process which eliminates the manual search process used during the suitability assessment review.

- Current timeframe is long-term and not specific in terms of transition and launch date.
- There may be a period of instability for licensees who are adapting to a new system, which may have negative stakeholder reactions.
- IT, data, and cybersecurity will need to be considered when procuring a new software system, as well as whether the new licensing system will require communication/interaction with the HCAI system.
- FSRA will need to consider its licensing categories/approach when adapting to a new system.

Initiative B: Opportunity to Modernize Supervisory Approach with a New HSP Supervisory Tool

Rationale:

Market Conduct's data is currently spread across multiple sources, which has created inefficiencies and limited the ability to properly identify high risk HSPs. To address these issues, FSRA will introduce a new centralized HSP supervisory tool that will combine multiple data points as well as incorporate risk ratings to help enhance Market Conduct's analytical capabilities and automate/streamline data.

Considerations:

- The new tool will:
 - Offer greater ability for FSRA to incorporate data into its risk-based supervision.

- Utilizing a greater data set will aid in improving compliance decision-making, and charting trends in sector compliance.
 - Allow FSRA to be more proactive in the compliance space and efficient in utilizing resources in the highest risk areas.
 - Identify fraud in the sector by leveraging greater data sets and trends in the sector that may not be apparent.
 - Identify and utilize resources to address bad actors in the system.
- Current timeframe is long-term and not specific in terms of transition and launch date.
- Internal investment and resourcing still under assessment for project completion.
- IT, data, and cybersecurity requirements will need to be considered when procuring a new software system.

Initiative C: Opportunity to Enhance Cooperation and Collaboration with Regulatory Health Colleges (RHC)

Rationale:

Stakeholders have recommended that FSRA and RHCs should work closer together. Building relationships with RHCs was part of FSRA's previous enhancements to HSP licensing and has been an area of current focus. FSRA is hoping to engage with RHCs to enhance communication and collaboration on compliance issues.

Considerations:

- Sharing of information will help FSRA identify licensees who have sanctions/suspensions but are still practicing. In turn, RHCs will also have access to the status of their accredited college members who have compliance issues with FSRA. The sharing of information can also help to mitigate any redundancy/overlap in the work of both organizations.
- RHCs will have a better understanding of FSRA's work and the importance fraudulent billing has on the honesty and integrity of accredited college members who have a FSRA licence. Not all RHCs focus on billing/financial aspects of their members.
- RHC's and FSRA cannot exchange information on a particular practitioner unless an agreement is in place, which means that FSRA will need to engage each RHC individually to create an information sharing agreement. Some RHCs may not be keen on having an information sharing agreement due to their size and capacity, as well as their limited focus on their members' billing activities.

HSP Framework Review Consultation Questions

1. What features should a HSP licensing system focus on to have better user functionality?
2. Are there any concerns/considerations FSRA should keep in mind when developing and implementing the HSP Supervisory Tool?
3. What areas of licensing and supervision can RHCs and FSRA work together on to better alleviate issues in the sector?
4. What are the key implementation considerations that must be taken into account for each initiative (i.e., timing, communication, education, etc.)?
5. How can FSRA help to ensure that prioritized initiatives / changes are communicated to HSPs and other stakeholders?
6. Are there any considerations which have been missed that should be considered as part of the HSP review and/or the proposed initiatives?

Appendix A – HSP Licensing Process

- Businesses that wish to invoice through HCAI and be paid directly by automobile insurers for listed expenses will need a licence from FSRA. This licence authorizes the service provider to receive direct payments from automobile insurers for specific “listed expenses”.
- Licences will be issued at the business or legal entity level (e.g., sole proprietorship, corporation, partnership) rather than for each location. Licences will not be issued to individual clinics or locations. This means that only one licence is needed for all facilities, branches or locations operated by a service provider.
- FSRA issues licences to legal persons, not to individual clinics or locations. Many of the businesses that provide goods or services in connection with SABS are sole proprietorships, but others may be structured as partnerships, limited partnerships or corporations.
- Once a licence is issued, it will continue indefinitely, as long as the licensee complies with the law, files an annual AIR and pays the annual regulatory fee. The AIR will be used to collect information about business practices and internal control systems for the previous calendar year. A business' licence is non-transferable.
- All applicants will pay an initial (one-time) licence fee and all applicants and licensees will be required to pay an annual regulatory fee to cover the costs of regulating their business practices.
- A FSRA licence is only mandatory for those who wish to be paid directly by automobile insurers for "listed expenses" through HCAI.
- Eligibility Review
 - The Principal Representative will apply online, through the FSRA website, where he or she will create a FSRA Account.

- Principal Representative – Person designated by the service provider to be the primary contact with FSRA and who will be primarily responsible for the service provider's licence and compliance with the law. This person does not need to be a Regulated Health Professional. They will have the authority to make decisions on behalf of the licensee and to communicate with FSRA with respect to:
 - Matters related to the license.
 - Matters related to the licensee's compliance with the *Insurance Act*.
- The Principal Representative must have the following status in relation to the service provider:
 - If the licensee is a corporation, the Principal Representative must be a director or officer of the corporation.
 - If the licensee is a partnership, other than a limited partnership, the Principal Representative must be a partner.
 - If the licensee is a limited partnership, the Principal Representative must be a general partner or a director or officer of a corporation that is a general partner.
 - If the licensee is a sole proprietorship, the Principal Representative must be the sole proprietor.
- Duties
 - Ensure that the licensee and every person authorized to provide specified goods or services on the licensee's behalf complies with the *Insurance Act*.

- Ensure that the licensee's business systems, practices and management of the licensee's operations are carried out in accordance with the law and with integrity and honesty.
 - Make recommendations to the licensee regarding changes in its business systems, practices and the management of its operations, as necessary.
 - Ensure that a system of supervision is in place to ensure that all requirements under the law are met.
 - Provide attestations on the licensee's behalf about the licensee and about the licensee's compliance with the *Insurance Act*, as may be required by FSRA.
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- All individuals (including the Principal Representative and directors/officers/partners (“**DOPs**”)) must first complete their criminal record and judicial matters checks (“**CRJMCs**”) through FSRA’s approved vendor, Triton Canada (Triton). Principal Representatives and DOPs must provide the Triton CRJMC confirmation number with the service provider applications and with the DOPs’ declarations. FSRA will conduct a full suitability review prior to making a licensing decision. Suitability is based on other licences / registrations held, bankruptcy, past conduct and/or criminal convictions. An HSP licence does not expire, but the licence must be kept in good standing, and fees must be paid on time, along with completion of an AIR.

Fees

- When applying for a service provider licence, applicants will be required to pay a two-component fee consisting of:
 - A one-time licence application fee of \$337

- This one-time fee covers the cost of assessing the application for satisfaction of the regulatory requirements, and determining whether the applicant qualifies for a licence.
- An annual regulatory fee
 - This annual regulatory fee covers the cost of regulating the service provider sector. It is proportional and varies based on the size and nature of the applicant's business.
- Each applicant's regulatory fee is calculated according to the following formula:
 - \$15 multiplied (x) by the total number of unique statutory accident benefit claimants in the calendar year before the year in which the application is made.
 - plus (+)
 - \$128 multiplied (x) by the applicant's total number of business locations at the time the application is made.
- This regulatory fee is prorated, based on a fiscal year cycle that begins April 1 and ends March 31. For example, if the applicant is applying to obtain a licence that is effective December 1, 2014, the fee would be prorated for the period December 1, 2014, to March 31, 2015 (four months).

Appendix B – Supervision Approach

As part of its supervisory activities, FSRA reviews the conduct of licensed HSPs related to SABS claims. Having an HSP licence with FSRA means that HSPs may be subject to a compliance review or on-site examination. FSRA's processes for reviewing licensees emphasizes a risk-based approach, which utilizes complaint data, licensing information, the AIR, HCDB data and sanctioned practitioner information.²

An important part of maintaining an HSP licence is meeting the standards for business systems and practices described in O. Reg 90/14. According to these requirements, among other things, all licensees must³:

- File an AIR and pay the Annual Regulatory Fee by March 31st of every year, unless otherwise advised by FSRA.
- Report changes in the HSP's business to FSRA within five (5) business days. These changes include modifications in contact information, principal representative, directors, officers, or partners.
- Respond to insurer requests within ten (10) business days for certain types of information. This information includes the HSP's FSRA licence number and specified details about individuals who have been authorized to provide goods or services on its behalf.
- Not submit invoices or other documents to HCAI if the HSP suspects the presence of inaccurate, false, or misleading information.

² <https://www.fsrao.ca/industry/health-service-providers/publications/2022-2024-health-service-provider-market-conduct-compliance-report>.

³ <https://www.fsrao.ca/industry/health-service-providers/health-service-provider-hsp-licensing-toolkit-understanding-your-fsra-licensing-obligations>.

- Retain any record related to goods and services provided by or on behalf of the HSP related to listed expenses for at least six (6) years from the date the record was created. Records can be retained in electronic or paper form but must be retrievable within five (5) business days of receiving a request.
- Establish and implement appropriate policies and procedures considering the nature and volume of the HSPs business related to SABS.

Appendix C – Key Parts of FSRA’s Role in Auto Insurance

Auto Insurance Regulation and Supervision		
The Auto Product	Health Service Providers	Insurance Companies
<ul style="list-style-type: none"> • Rate and underwriting regulation (approval of rate changes and underwriting rules) • Product regulation delegated or required by law (e.g. approval of policy wording, insurance application forms) • SABS related Guidelines or mandatory forms on specific features but only as delegated by law to FSRA under SABS and within FSRA authority 	<ul style="list-style-type: none"> • License HSPs to permit direct SABS billing, subject to regulations • Supervise HSP business and billing practices against relevant legislation, regulation and binding guidance • Review the conduct of licensed HSPs in relation to SABS claims and investigate evidence of non-compliance 	<ul style="list-style-type: none"> • License insurance companies to permit the business of insurance • Supervise insurance company conduct against legislation, regulation and binding guidance • Respond to evidence of non-compliance by insurance companies