



TO: Chair and Members of the Finance and Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2013 September 5

DENTAL CLINIC 2012 FINANCIAL SHORTFALL

Recommendation

It is recommended that the Finance and Facilities Committee receive this report for information and refer it to the Board of Health.

Key Points

- The 2012 shortfall in the Dental Clinic of \$40,577 was a result of increases in staffing costs and materials and supplies costs, a reduction in revenue from Ontario Works claims, and an error in allocating equipment costs to the incorrect account.
- It is anticipated that the clinic will again experience a budget shortfall in 2013. This report identifies strategies that are being considered to mitigate this shortfall.

Background

The Health Unit has operated the Dental Clinic at its 50 King Street office since 1986. The clinic has four dental chairs and provides a full range of dental treatment (e.g., examinations including X-rays, fillings and extractions) and preventive services (e.g., cleanings, sealants and fluoride treatments).

The Dental Clinic primarily serves clients 0 – 17 years of age who are covered by publicly-funded dental programs which include Ontario Works (OW), Children in Need of Treatment (CINOT), Ontario Disability Support Program (ODSP) and Healthy Smiles Ontario (HSO). Children on these programs have the choice to attend the Dental Clinic at the Health Unit or see a private dentist. The Dental Clinic is staffed full-time by 1.0 Dentist and 2.0 certified Dental Assistants. The Dental Clinic serves an average of 450 new clients and over 600 returning clients every year.

The Dental Clinic operates on a cost-recovery basis through billing the appropriate publicly-funded program for the services provided. However, because these programs pay significantly less per service than private insurance plans, it has been increasingly difficult to recover all the clinic costs as the billings have not kept pace with increased operating costs. With the implementation of the Healthy Smiles Ontario program in 2011, 15% of the wages and benefit costs of the Dental Clinic were allocated to the Healthy Smiles Ontario program. In return, the Dental Clinic sees Healthy Smiles Ontario clients without billing for each client. This arrangement could provide additional revenue for the Dental Clinic if the number of Healthy Smiles Ontario clients is low but could be problematic as the number of Healthy Smiles Ontario clients' increases.

The space in the Dental Clinic is also used by Dental Hygienists to screen children for eligibility for the Children in Need of Treatment (CINOT) program and provide preventative services under the cost-shared program. As well, Dental Hygienists offer adults on Ontario Works (OW) and parents of children on the Healthy Smiles Ontario (HSO) program limited preventive services for a nominal fee of \$20. This program, known as Smile Clean, serves as an additional source of revenue for the clinic.

Table 1 in [Appendix A](#) provides an overview of the Dental Clinic revenue and expenditures for the past three operating years.

Deficit situation

As can be seen from Table 1, and as previously reported in June 2013 as part of [Report No 077-13 re: 2012 consolidated financial statement](#), the Dental Clinic incurred a shortfall of \$40,576.88 in 2012. In exploring this deficit it was determined that \$10,215.28 in Healthy Smiles Ontario equipment was charged to the Dental Clinic in error. Therefore, the adjusted shortfall for the Dental Clinic in 2012 was \$30,361.60.

Table 1 illustrates that the shortfall is a result of increases in costs of personnel, materials and supplies, and a drop in billings for client services (i.e., a decrease in revenue from Ontario Works claims). On further review, the drop in revenue is a combination of seeing fewer Ontario Works clients and billing less on average per client. This is partly offset by increases in revenue from the Children in Need of Treatment Program and the funds received for wages from the Healthy Smiles Ontario program.

It is anticipated that the budget pressures being experienced by the Dental Clinic will continue for 2013 due to further increases in operating costs, mainly related to personnel.

Addressing the Shortfall

Several solutions are being examined to address the budget shortfall including:

1. Reassessing material and supply costs;
2. Decreasing the number of “no show” clients (on average one “no show” occurs per day despite reminder telephone calls);
3. Increasing the number of Ontario Works and Children in Need of Treatment clients using the Dental Clinic in order to increase the revenue from these programs;
4. Shifting services to lower cost staff such as Dental Hygienists or Dental Residents;
5. Advocating for the increases to the Fee Schedules for publicly-funded programs;
6. Re-allocating funds from the Healthy Smiles Ontario program to increase the percentage of the Dentist and Dental Assistants wages covered by this program.

Conclusion

The Dental Clinic anticipates a budget shortfall for 2013. Options will be examined to minimize the shortfall for 2013. Staff will report back to the Board of Health with regard to the 2013 year-end financial situation for the Dental Clinic and will subsequently provide semi-annual Dental Clinic financial reports. Additional options will be considered if the shortfall cannot be successfully managed with the strategies described above.

This report was prepared by Dr. Chimere Okoronkwo, Manager, Oral Health Team; Dr. Bryna Warshawsky, Director, Oral Health, Communicable Disease and Sexual Health (OHCDSh); Dr. Maria van Harten, Dental Consultant; and Mr. John Millson, Director, Finance and Operations.

Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health and CEO

This report addresses the following requirement(s) of the Ontario Public Health Standards: Child Health