

Fee-for-Service in Developmental Services:

Mission-Aligned, Person-
Centered, and Legally Sound



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Or you. We get that. So please feel free to ask questions, share your thoughts, whatever. Let's talk.



What word comes to mind when we talk about Fee For Service?



What are you hoping to learn today?



What's your single biggest challenge with Fee-For-Service?

Y



Why?

1. Customer Demand

- Potential Registry (35K CPS, 23K Respite, etc.) and existing 'customers' are calling weekly for CPS, respite supports (short breaks) – willing to pay out of pocket.

2. TPRs Losing Ground

- New 'private' competitors weekly – CPS (day programs), low complexity.

3. Revenue diversification/financial sustainability.

- Biggest intergenerational wealth transfer (\$400Bn to \$1 Trillion) by 2026
- Push for full Passport Allocation (~\$300M+); improve utilization rates (68%)


4. J2B

- Gradual transition of all hourly services like CPS, SIL, Employment, Respite (~\$700M) to FFS

Journey to Belonging: Key Principles

- Support is based on people's needs.
- Build on the strengths of people and provided by families, support networks and communities.
- Person-directed and flexible.
- Proactive and responsive to people's changing needs.
- Evidence based, outcomes and continuous improvement.
- Health, well-being and safety.
- System is sustainable.

It's about Choice.



This means:

- More choices and support to make choices, if you need it
- Supports that are right for your needs
- More control over the supports you get

Goals:

- Consistent, fair, and transparent approach to funding.
- Evidence-based and linked to support needs.
- Choice and control for people.



Fee For Service - SPARC

52%

Of TPRs get <3% of their revenues from FFS.

13%

Have begun to analyze what customers might be willing to pay for services.

20%

Pursue out of pocket funding.

Provincially	
Amount (\$) charged per hour of fee-for-service supports?	Provincial Percentage
\$5-\$10	4%
\$11-\$15	3%
\$16-\$20	5%
\$21-\$25	1%
\$26-\$30	10%
\$31-\$35	25%
\$36-\$40	18%
\$41-\$45	21%
\$46-\$50	8%
\$51+	5%

\$36.31

Average per hour fee-for-service supports (most common is \$40 or \$42/hr.)

How \$32/HR becomes \$64/HR

46%

Could produce a per-unit service delivery cost.

$$+ \$6 = \$38$$

Benefit cost/hr.

Labour + Benefit cost/hr.

$$\$32^* \xrightarrow{83\%} \$46 + \$18 = \$64$$

Labour cost/hr.

Billable Hours

Cost per Billable Hour

+Allocated Admin/
Billable Hour

True Cost/
Billable Hour



83% Billable Hours?

- **Easier to define non-billable:**

- Hours that staff work but not direct support hours (not supporting anyone)
- Indirect hours – administrative (mostly reporting on client supports, but also for QAM compliance); 10% to 20% (anecdotal)
- You can only bill FFS for direct support hours – you have to recover other costs by building them into your cost/hr.
- Supervisor and manager service delivery labour (not ACA); can be 5 to 10% of time/budget and must be removed to calculate billable hours.

- **Future Caveat:**

- Direct support hours ‘expire’ – that is when someone doesn’t use them you still have to recover the cost (like an airline seat). That would decrease billable time and increase cost/hour.

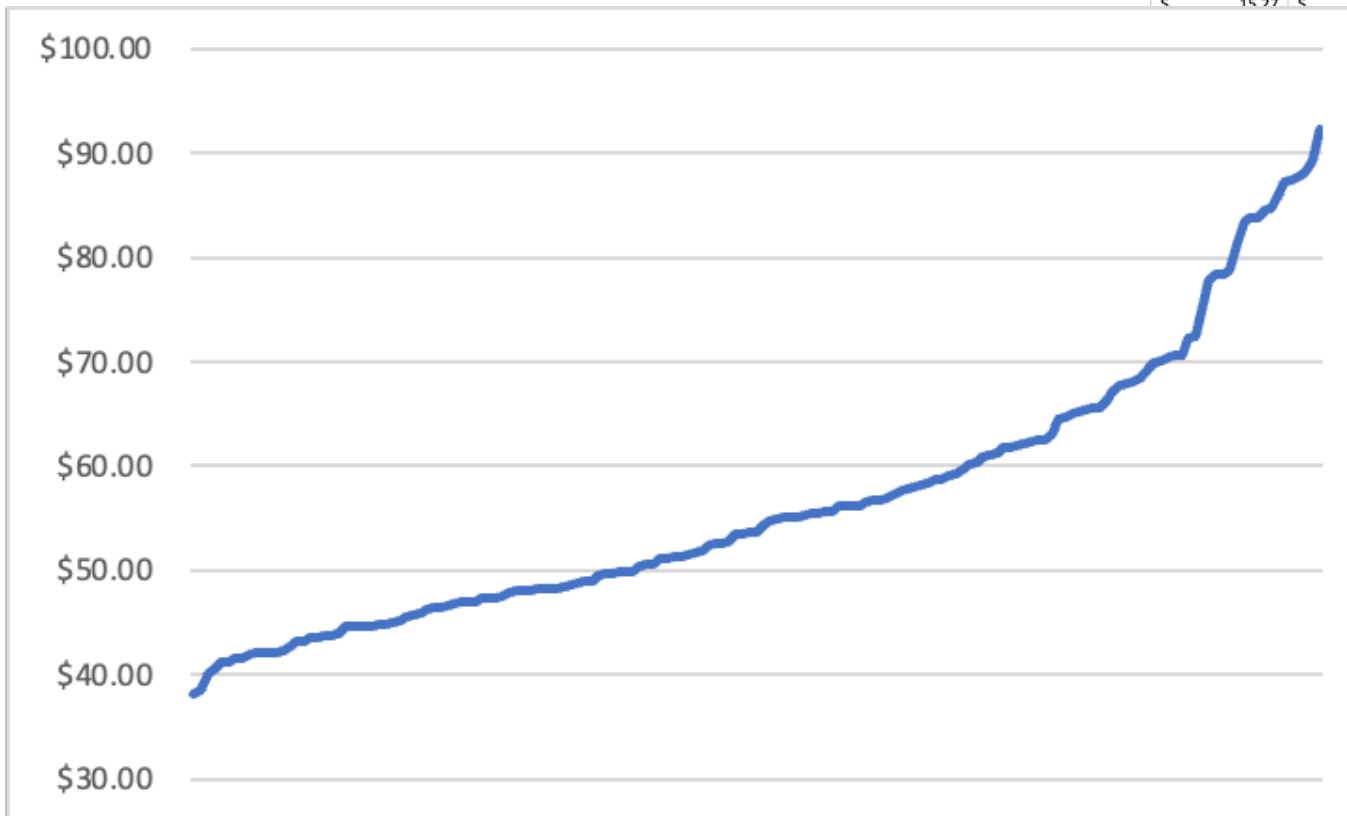
18% Allocated Admin?

- **7.5% to 10% ACA** - most organizations account for this separately.
- **But there are other costs in an org that need to be recovered.**
 - Trimmed mean of non comp costs in org is 30% of expenditures.
 - 30% - 10% (for ACA) = 20% additional administrative/operational expenses
- **Illustrative example – the point is to inspire TPRs to figure out their true costs.**
 - TPRs should calculate this cost at the service level where data is ideally more accurate AND can be used to figure out the differences between delivery costs.
- **Aligned with non-profits. *From ChatGPT (research/thinking mode):*** “For a typical service providing nonprofit, an organizational admin ratio around 10–20 percent and total “overhead” (admin + fundraising) up to about 25–30 percent is usually seen as reasonable. Funders start to squint harder once you push much past 30–35 percent.”

Quick & Dirty

Trimmed Cost/HR Data (top/bottom 10%) of 205 DS orgs using charitydata.ca

2024 Revenue \$MMM	2024 Total Expenditures	2024 Staff Compensation	2024 FT Staff	2024 PT Staff	2024 Staff Hours	Base cost per hour	Billable Hours (85%)	Cost per billable hour	Additional Expenses per bill hr	True Cost/Hour
\$ 65.53	\$ 71,952,205	\$ 29,350,987	303	286	868,425.00	\$ 33.80	738,161	\$ 39.76	\$ 57.71	\$ 97.47
\$ 23.40	\$ 23,511,935	\$ 18,043,099	125	77	315,225.00	\$ 57.24	267,941	\$ 67.34	\$ 20.41	\$ 87.75
\$ 5.14	\$ 5,125,000	\$ 2,401,705	29	16	71,175.00	\$ 33.74	60,499	\$ 39.70	\$ 45.01	\$ 84.71
\$ 14.57	\$ 14,039,612	\$ 11,000,872	86	34	196,950.00	\$ 55.86	167,408	\$ 65.71	\$ 18.15	\$ 83.86
\$ 14.53	\$ 14,407,735	\$ 10,330,235	90	53	224,400.00	\$ 46.03	190,740	\$ 54.16	\$ 21.38	\$ 75.54
\$ 8.29	\$ 8,154,399	\$ 5,338,151	65	18	140,775.00	\$ 37.92	119,659	\$ 44.61	\$ 23.54	\$ 68.15
\$ 19.31	\$ 19,154,453	\$ 16,130,482	164	34	343,200.00	\$ 47.00	291,720	\$ 55.29	\$ 10.37	\$ 65.66
\$ 17.88	\$ 18,284,598	\$ 11,924,871	180	10	348,000.00	\$ 34.27	295,800	\$ 40.31	\$ 21.50	\$ 61.81
\$ 7.71	\$ 7,643,774	\$ 5,757,369	45	62	149,475.00	\$ 38.52	127,054	\$ 45.31	\$ 14.85	\$ 60.16
\$ 47.72	\$ 46,849,704	\$ 37,204,029	238	463	932,400.00	\$ 39.90	792,540	\$ 46.94	\$ 12.17	\$ 59.11
\$ 50.13	\$ 50,440,419	\$ 29,941,564	341	389	1,047,825.00	\$ 28.57	890,651	\$ 33.62	\$ 23.02	\$ 56.63
\$ 16.57	\$ 16,567,076	\$ 12,545,342	156	52	347,100.00	\$ 36.14	295,035	\$ 42.52	\$ 13.63	\$ 56.15
\$ 15.27	\$ 15,039,469	\$ 5,078,155	66	185	318,000.00	\$ 15.97	270,300	\$ 18.79	\$ 36.85	\$ 55.64
\$ 6.565,725	\$ 11,753,052	\$ 11,753,052	144	115	390,750.00	\$ 30.08	332,138	\$ 35.39	\$ 14.49	\$ 49.88
\$ 7,448,967	\$ 4,675,247	\$ 4,675,247	64	62	185,100.00	\$ 25.26	157,335	\$ 29.72	\$ 17.63	\$ 47.34
\$ 7,741,753	\$ 29,331,963	\$ 29,331,963	365	261	958,425.00	\$ 30.60	814,661	\$ 36.01	\$ 10.32	\$ 46.33
\$ 5,851,267	\$ 12,212,520	\$ 12,212,520	141	136	407,175.00	\$ 29.99	346,099	\$ 35.29	\$ 10.51	\$ 45.80
\$ 7,190,179	\$ 5,850,911	\$ 5,850,911	72	50	187,500.00	\$ 31.20	159,375	\$ 36.71	\$ 8.40	\$ 45.11
\$ 1,077,911	\$ 23,350,063	\$ 23,350,063	249	528	1,021,275.00	\$ 22.86	868,084	\$ 26.90	\$ 8.90	\$ 35.80



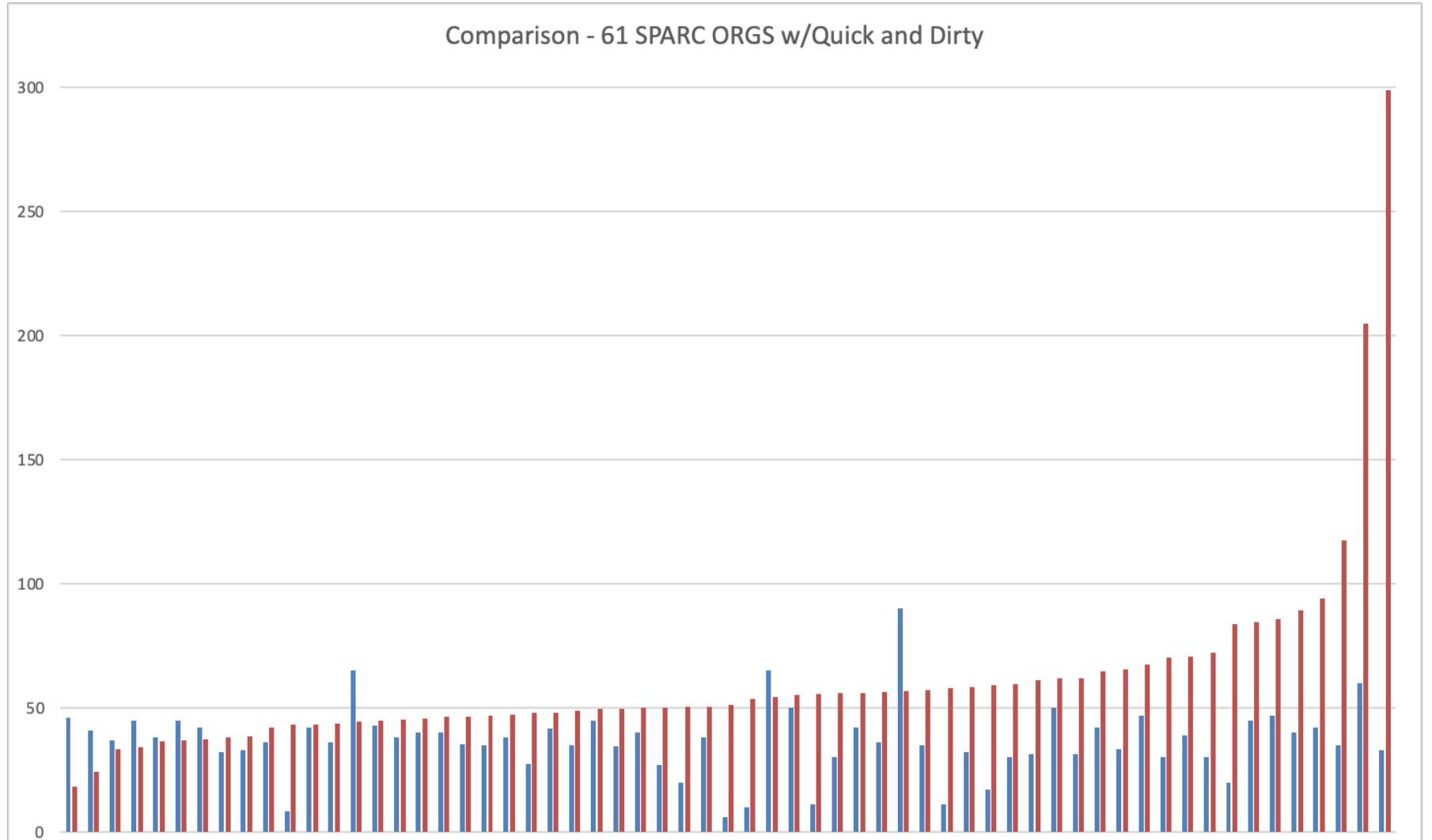
Average True Cost (205 agencies across Ontario): **\$63.41**

Trimmed Mean: **\$57.83**

75% Percentile (Trimmed): **\$62.45**

True Cost vs. 2024 Pricing (SPARC – 61 orgs)

**Trimmed Mean
of Price vs. Cost
Difference:
\$19.42/Hr**



NDIS Pricing Comparison

Item Number	Item Name and Notes	Unit	National	Remote	Very Remote
04_104_0125_6_1	Access Community Social and Rec Activ - Standard - Weekday Daytime	Hour	\$70.23	\$98.32	\$105.35
04_103_0125_6_1	Access Community Social and Rec Activ - Standard - Weekday Evening	Hour	\$77.38	\$108.33	\$116.07
04_105_0125_6_1	Access Community Social and Rec Activ - Standard - Saturday	Hour	\$98.83	\$138.36	\$148.25
04_106_0125_6_1	Access Community Social and Rec Activ - Standard - Sunday	Hour	\$127.43	\$178.40	\$191.15
04_102_0125_6_1	Access Community Social and Rec Activ - Standard - Public Holiday	Hour	\$156.03	\$218.44	\$234.05
04_450_0125_1_1	Intensive and Complex Behaviour Supports - Weekday Daytime	Hour	\$75.98	\$106.37	\$113.97
04_451_0125_1_1	Intensive and Complex Behaviour Supports - Weekday Evening	Hour	\$83.72	\$117.21	\$125.58
04_452_0125_1_1	Intensive and Complex Behaviour Supports - Saturday	Hour	\$106.93	\$149.70	\$160.40
04_453_0125_1_1	Intensive and Complex Behaviour Supports - Sunday	Hour	\$137.87	\$193.02	\$206.81
04_454_0125_1_1	Intensive and Complex Behaviour Supports - Public Holiday	Hour	\$168.81	\$236.33	\$253.22

NDIS Hourly Price
(National):
\$AUD = \$70.23
\$CAD = \$64.08

Source: NDIS Pricing Arrangements and Price Limits 25/26, pg 65

KPMG vs. Calcs

DS Costing Study Survey Results: Community Participation Services and Supports

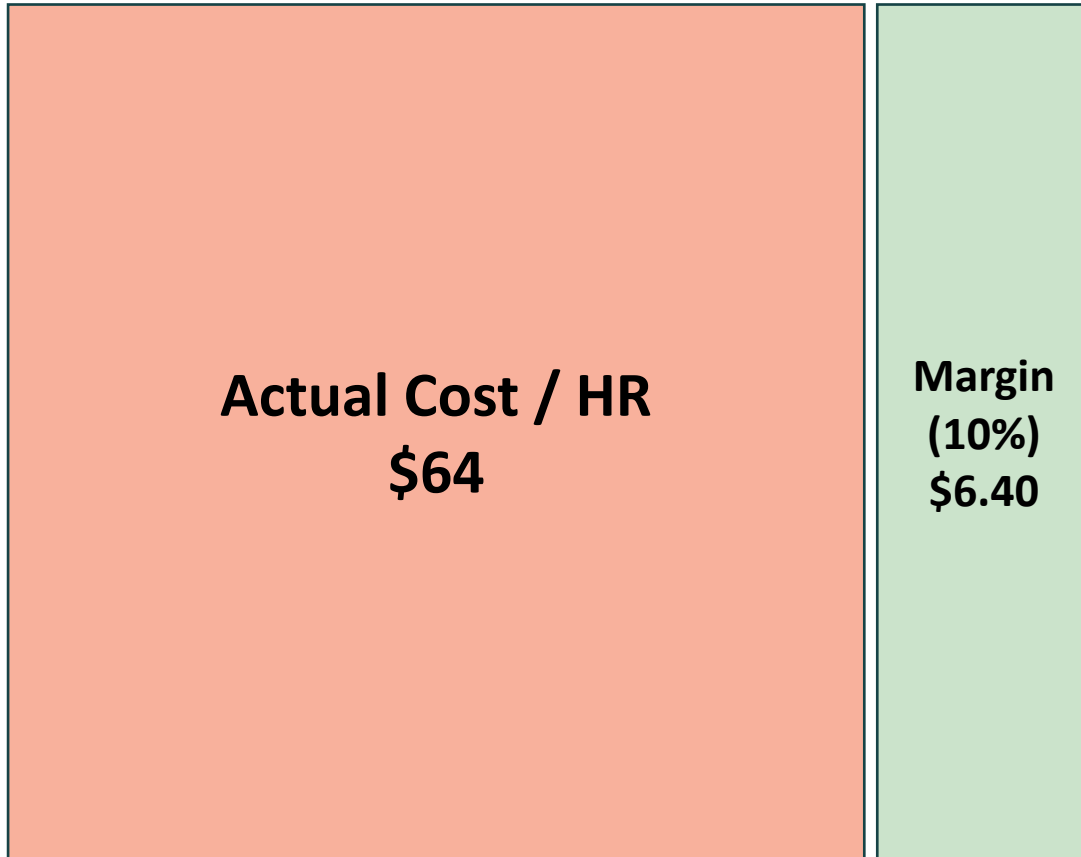
Category*	Aggregate Unit Cost Results		
	Cost Range Per Client***		
	25th Percentile	Median	75th Percentile
Total Labour (per year)	\$7,225	\$10,622	\$17,260
Total Labour (per hour)	\$19.54	\$42.2	\$60.17
Service Delivery	\$14.87	\$29.41	\$44.07
Corporate Labour	\$2.00	\$4.93	\$15.82
Total Infrastructure (per year)	\$271	\$574	\$1,225
Facilities	\$147	\$376	\$938
IT	\$19	\$52	\$104
Equipment	\$29	\$111	\$236
Total Other (per year)	\$749	\$1,479	\$2,580
Transportation	\$98	\$241	\$540
3rd Party External Fees	\$60	\$324	\$884
Other**	\$137	\$356	\$808

DS Costing Study Survey Results: Caregiver Respite Services and Supports

Category*	Aggregate Unit Cost Results		
	Cost Range Per Client***		
	25th Percentile	Median	75th Percentile
Total Labour (per year)	\$4,425	\$8,999	\$19,676
Service Delivery	0	\$861	\$3,695
Corporate Labour	\$2,575	\$5,342	\$13,150
Total Infrastructure (per year)	\$1,076	\$2,190	\$5,573
Facilities	\$691	\$1,663	\$4,478
IT	0	\$37	\$107
Equipment	\$66	\$285	\$671
Total Other (per year)	\$390	\$2,623	\$9,223
Transportation	0	0	\$36
3rd Party External Fees	0	\$32	\$319
Stipend	0	0	\$1,525
Other**	0	\$106	\$1,142

**But Wait,
THERE'S
MORE!**

Total Cost to Customer - \$70/HR



Margin:

- 100% discretionary
- Goes towards fulfilling your mission:
 - Bursaries
 - New investments (housing, program equipment, etc.)
 - Operational improvements (e.g., systems)
 - Competitive compensation.
- But it's a balancing act
 - Higher margin = lower competitiveness.
 - Higher margin = lower accessibility

Rationale for 10% Margin?

- Arbitrary – unrestricted funding for mission achieving areas in last slide.
- A strategic choice:
 - Too high = too costly and sales will decrease.
 - Too low = more competitive but less revenue/margin.
- Over time, market dynamics will ensure most competitive (including but not only price) will thrive.

What does that buy?

Service	~Budget/Person	~Support Hours (@\$62/hr+10% = \$68.70)
Community Supports	\$27,128	395
Employment Supports	\$1,764	26
Respite	\$9,820	143
SIL	\$41,908	610

Building A Bridge from Both Sides.



Costing

“Hermès is not expensive. It’s costly. The cost is the actual price of making an object properly, with the required level of attention so that you have an object of quality. Expensive is a product, which is not delivering what it’s supposed to deliver but you’ve paid quite a large amount of money for it and then it betrays you.”

Hermès artistic director Pierre-Alexis Dumas



Costing - Food for Thought

- J2B is focused on equitable not equal. Consider a similar approach - planning is key to identifying:
 - Different needs.
 - Different wants
 - Different abilities to pay.
- Set a realistic price based on true cost of service delivery plus a margin to reinvest in your mission.
 - Leadership, not front-line staff, should decide on how to help those that cannot afford the supports they need.

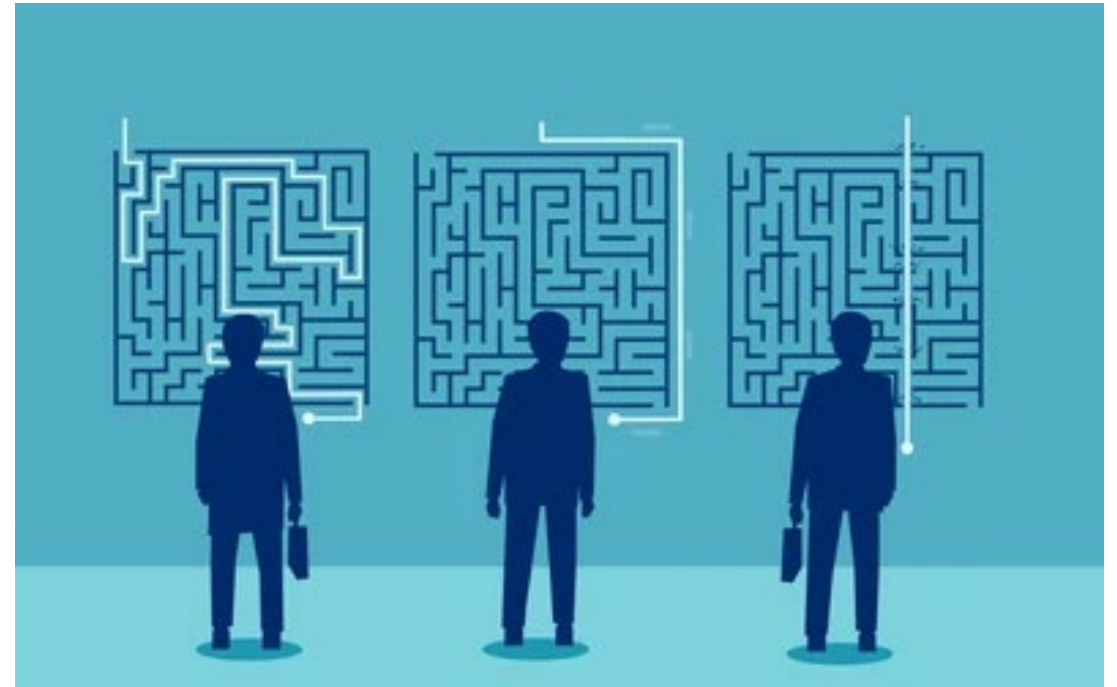
How do they do it?



Day Support Ratio (7 hours)	Adobe Respite Services	Lola's Round Table	Reach	Supported Choices	Destiny's Way	Our Example (10% margin)
1 to 10 Ratio						\$49
1 to 5 Ratio	\$120-\$150		\$85	\$108	\$99	\$98
1 to 3 Ratio		\$116 (4 to 1)				\$163
1 to 1 Ratio		\$200				\$490

Block & FFS – Variations on 3 Themes

1. Allocated Spaces (status quo).
2. No spaces; block funding applied to total costs to keep all FFS hourly costs low.
3. TPR creates individual spending wallets from block funding based on need/ability to pay.



“It has been said that
Capitalism is the worst
form of an economic and
political system
except all those other
forms that have been
tried from time to time.”

- Winston Churchill

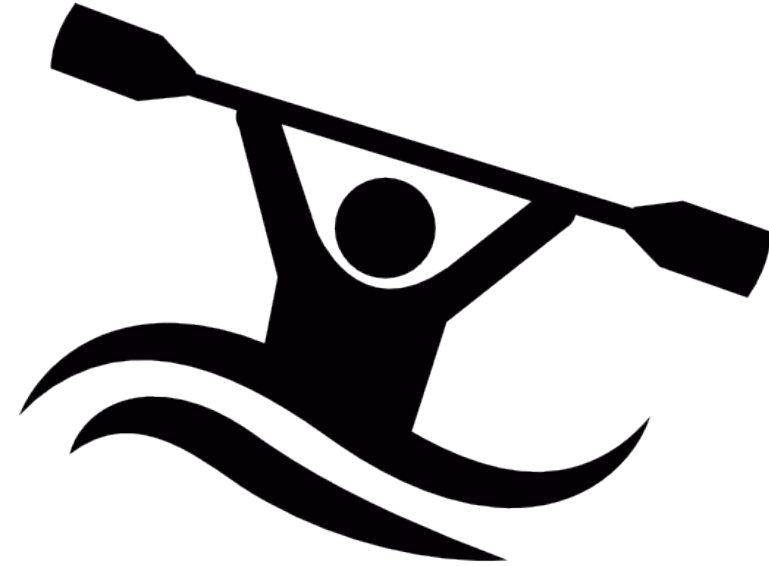






Customer

Purchases a product or services, but may not use it (e.g., family member, another agency, care coordinator, service broker).



Consumer

Uses a product or services, but may not purchase it (e.g., a person who needs supports).

Staff and FFS (SPARC)

44%

Felt they had a good relationship with their bargaining unit that would allow for a smooth transition. (53% of agreements allow customer-driven changes).

27%

Think staff are open to the changes J2B is bringing

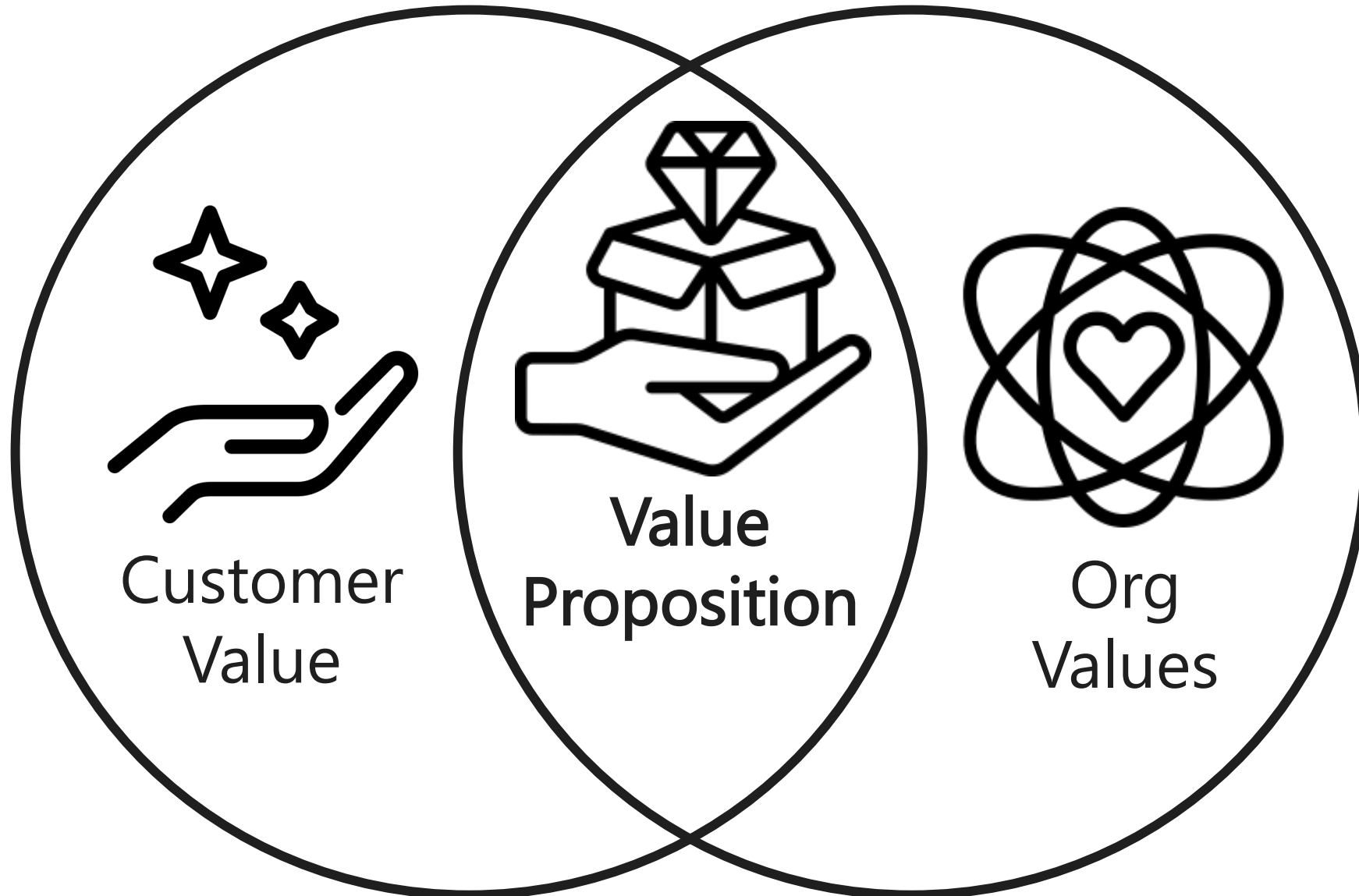
44%

Staff was flexible and open to non-conventional hours and scheduling.

34%

Believe their culture supports evolving to becoming more business-like.

You don't need to sacrifice your values



Aravind Eye Care - India

- “Eliminating needless blindness”.
- The largest eye-care provider in the world.
- Offers the same level of high-quality, innovative and reliable eye care to all customers.

YMCA

- Business model blends fee-for-service with government support (Provincial and municipal)
- Ensures equity: everyone receives the same quality service, facilities, and programs regardless of income




Family Service Orgs

- **Timmins Family Counselling Centre (TFCC):** Charges \$150/hr for counselling, with a \$75 no-show fee.
 - Invoices encourage those with financial difficulties to reach out; donations help cover costs.
- **Porchlight (Cambridge):** Offers three rates—Giving (\$130), Standard (\$115), and Subsidized (\$100).



OUR "CHOOSE YOUR RATE" FEE STRUCTURE

Our fee structure is designed so that you can choose the amount that you can afford. Choose the rate that is right for your budget!

 Giving Rate- \$130 per Session <small>This rate is for people who can afford to pay the Regular Rate, and a little extra to help subsidize the cost of counselling for those who can't afford it.</small>	 Regular Rate- \$115 per Session <small>This is our regular rate for a counselling session, and helps cover our staff, technology and building costs.</small>	 Subsidized Rate- \$100 per Session <small>This rate is for people who aren't able to pay the Giving or Regular Rate. Please talk to us if this rate is unaffordable for you, as you may qualify for funded programs.</small>
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People & Caregivers - TPR To Dos

- **From "Provider" to "Partner"**. From "we know what's best" to "how can we help you achieve your goals?"
- **Offer "Capacity Building" Services.** Prospective customers need new skills. TPRs can play a vital role by offering workshops, coaching, and resources.
- **From Table Service to Buffet.** No more all-or-nothing. Think smaller, distinct offerings.
- **Transparent and Value-Based Pricing.** Clearly articulate service cost and value (safety, quality, experience). Pricing must be competitive and easy to understand.
- **Adopt New Skills.** Think Recreation/Leisure workers working with DSW. Train for new.
- **Invest in Customer Service and Feedback (aka data).** Robust systems for gathering/responding to customer feedback and responding to it.
- **Co-Design.** To make sure you're offering attractive services, design it with prospective customers.
- **Align With Mission/Maintain Compassion.** Find new ways to support those who need your services (bursaries, sliding scale, differential pricing).
- **Invest to Future Proof.** Not a slight evolution; it's a whole new way of funding and providing services. Pilot, monitor and adjust over time.

Service Contracts

- Consider your new business model
- Carefully review your service contract with the Ministry
- Revisit assumptions
 - Are targets based on hours, vacancies, people?
 - Do these differ by service type (i.e. ISS vs. CPS)?
- Can current terms be interpreted to support a flexible business model?
- If not, consider renegotiating terms based on your revised business model

“I’d pay for that.”



Value = Benefits – Costs

- Functional (e.g., time, utility)
- Economic (makes or saves money)
- Social (how I am perceived by others)
- Psychological (how I perceive myself)

Planning is key. Better lives. Better data.



Design Elements of Self-Directed Program Model

What We Heard

People would like **flexibility with different approaches for supports**, but the need to balance this with **provincial consistency and similar access to supports**

Different **variations of a third-party organization model** for program and funding delivery

Planning and financial/administrative supports are available to assist individuals

Responsive and flexible planning to ensure that needs are being met and to support individual and their families

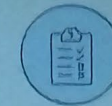
Plans are used to **inform and validate spending**

Separation between planning supports and direct service delivery

Need for regular **check-ins and monitoring** of the individual to adapt to changing needs and **mitigate health and safety risks**

Encourage and **foster inclusion** in community activities through local collaborations

What To Consider



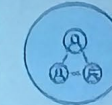
Administrative Supports

- Guidelines and processes to distribute and manage funding



Planning Supports

- Identify goals
- Discuss what support is needed
- Build and expand circle of supporters
- Help find community resources
- Help direct supports, manage funding and services
- Check in to help adjust goals as things change



Oversight and Accountability

- Monitor and report on performance
- Help people effectively manage their supports

Passport Success: It's all about FFS/Planning

- Effective fee-for-service delivery begins with robust person-centred planning.
 - Cost out the full package, then figure out how to pay for it (and don't be afraid to scale it back).
 - Planning is the first thought for a full life, not an afterthought. Use community coordinators, dedicated planners where possible.
- Grow your fee-for-service workforce; to sell services you must be capable of delivering them.
- Share information with staff, individuals and families.
- Make it easy to find, and book, your services (online).
- Offer a wide variety of options (activities, times, support ratios)
- Educate and support people in financial.
- Everyone you support should be using Passport; everyone should be buying services. Ministry does not pay you for doing things for free.

FFS Concerns - Going After 'Easier Clients'

- Absolutely more financially lucrative.
 - Most OPRs focus on this today (no complex people or those who can't do personal care).
 - They provide 1 to 10 or higher ratios, with an extensive use of untrained volunteers in free or cheap spaces (like church basements).
 - There are great OPRs, and some not so much.
- Increasingly complex people (e.g., behaviors, aging, underhoused) will need more complex care – that will migrate to value based orgs (e.g., Community Living movement) that won't leave anyone out.
 - TPRs will end up supporting more complex, less financially sustainable clients UNLESS those clients are properly funded AND prices set higher.
 - Consistent quality compliance also helps.
- Some agencies specialize in providing hourly supports to complex people - which can be lucrative and steady.

FFS Concerns - What about 'Competition'?

- Always a possibility but goes against long-standing collaboration amongst TPRs in the sector.
- In the short to medium term more probable that:
 - Competition will happen – agreeing to work together on some things but compete on others.
 - 'Hungry' providers will emerge from today's field – some are positioning themselves. Mergers and closures will happen – TPRs in a deficit position can't invest in themselves right now and wouldn't be able to invest to thrive in J2B.
- TPRs see this coming but can barely get the work done now. No incentive to focus - believe J2B is years away.
- As in Australia we will likely see reality have to hit hard before this is resolved.

69%

Believe there will be more competition.

41%

Say that other community organizations offer the same services as they do.

What competitors are you most worried about and why?

1. For-Profits: 37%
2. Not worried about any of them: 18%
3. Larger, neighbouring TPRs with more resources: 17%

Concerns - Differences in Quality

- J2B will work because it introduces market dynamics/efficiencies through choice.
 - People will choose what they value most based on the funding they receive.
 - Will not work without:
 - Good, creative person-directed planning,
 - Adequate funding to choose,
 - Adequate quality options to choose from (e.g. rural and remote – Toronto will be fine)
- Just like cars, MCCSS can and should set minimum standards for service delivery that ensure safety and that measure outcomes.
- In the end 'quality' will be decided by the individual customer – they will go where they perceive value – that is where the benefit they get will be equal or greater than the cost.

Legal Considerations: Can a charity charge fee-for-service, without jeopardizing charitable status?

Short Answer: it depends.

- **Threshold Question:** Do the purposes in the Articles allow the charity to provide the service?
- **The “How”:** How can the charity charge a fee-for-service within the charity without being offside charity law?

Charging Fees – CRA's Perspective (1 of 3)

- Many charities charge fees (e.g., museums, arts organizations, religious institutions).
- Charging fees is not inherently incompatible with the public benefit test.
- However, it can be problematic if such fees limit public access by creating financial barriers.

Charging Fees – CRA's Perspective (2 of 3)

CRA evaluates fee structures based on:

- **Reasonableness:** Charges should be reasonable in the circumstances and should typically aim to recover costs.
- **No Intention for Profit:** The fee structure should defray costs of the program, not generate a profit.
- **Not Comparable:** The program does not offer services comparable to those otherwise available in the marketplace.

Charging Fees – CRA's Perspective (3 of 3)

- **Charitable Objective:** Fees are set based on a charitable objective, not market value.
- **Accessibility:** Fees should not exclude a substantial portion of the population served by the charity.
- **Inclusivity:** Services should not cater only to the financially well-off.
- **Community Benefit:** The service must provide a general benefit to the community, directly or indirectly.

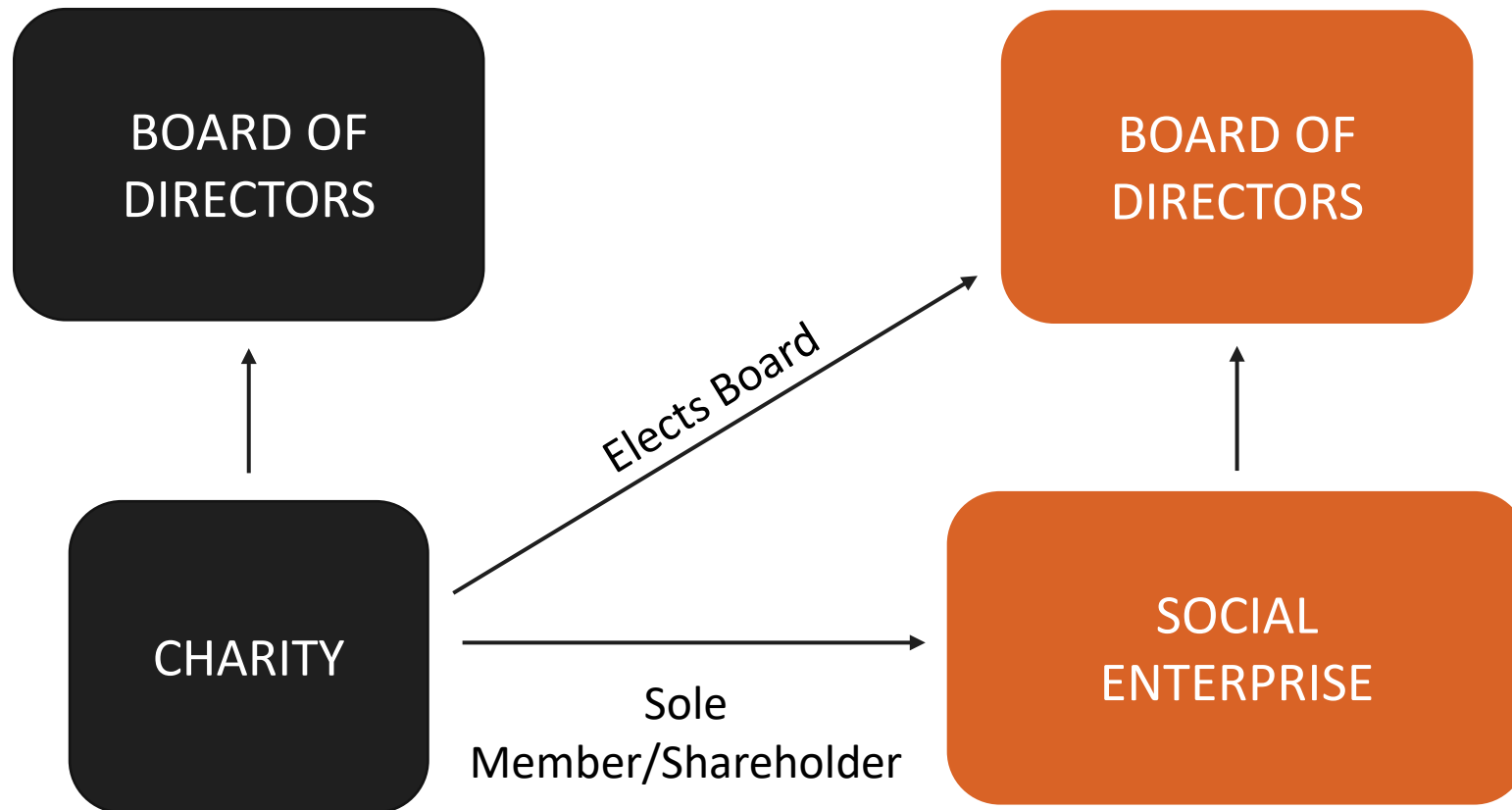
Options for Corporate Structure

SEs structured within the agency	SEs structured in separate entity
Program of the Agency	Business Trust
Community Economic Development (“CED”) Activity	Not-for-Profit Corporation (“NFP”)
Related Business	For-profit Corporation (“FPC”)

Options for Corporate Structure (con't)

NFP	FPC
<ul style="list-style-type: none">• Must be organized and operated for a social purpose• No income for members• Any profit can only be incidental and ancillary to the purposes	<ul style="list-style-type: none">• Subsidiary of the charity• Profits would be unrestricted, but taxable• Preferential tax treatment• No operational or governance control by the charity

Social Enterprise – Sample Structure



Labour and Employment Considerations (1 of 2)

Hiring Workers:

- Do your customers have a say in the hiring and assigning of workers?

Relatability and Fit:

- Does "ability to relate to the persons" get considered in your job posting process?
- Does seniority rule (i.e. most senior worker vs. the best fit for the person)?

Union Implications:

- Does union language seek to impose upon a person's right to choose how they direct their funding?

Labour and Employment Considerations (2 of 2)

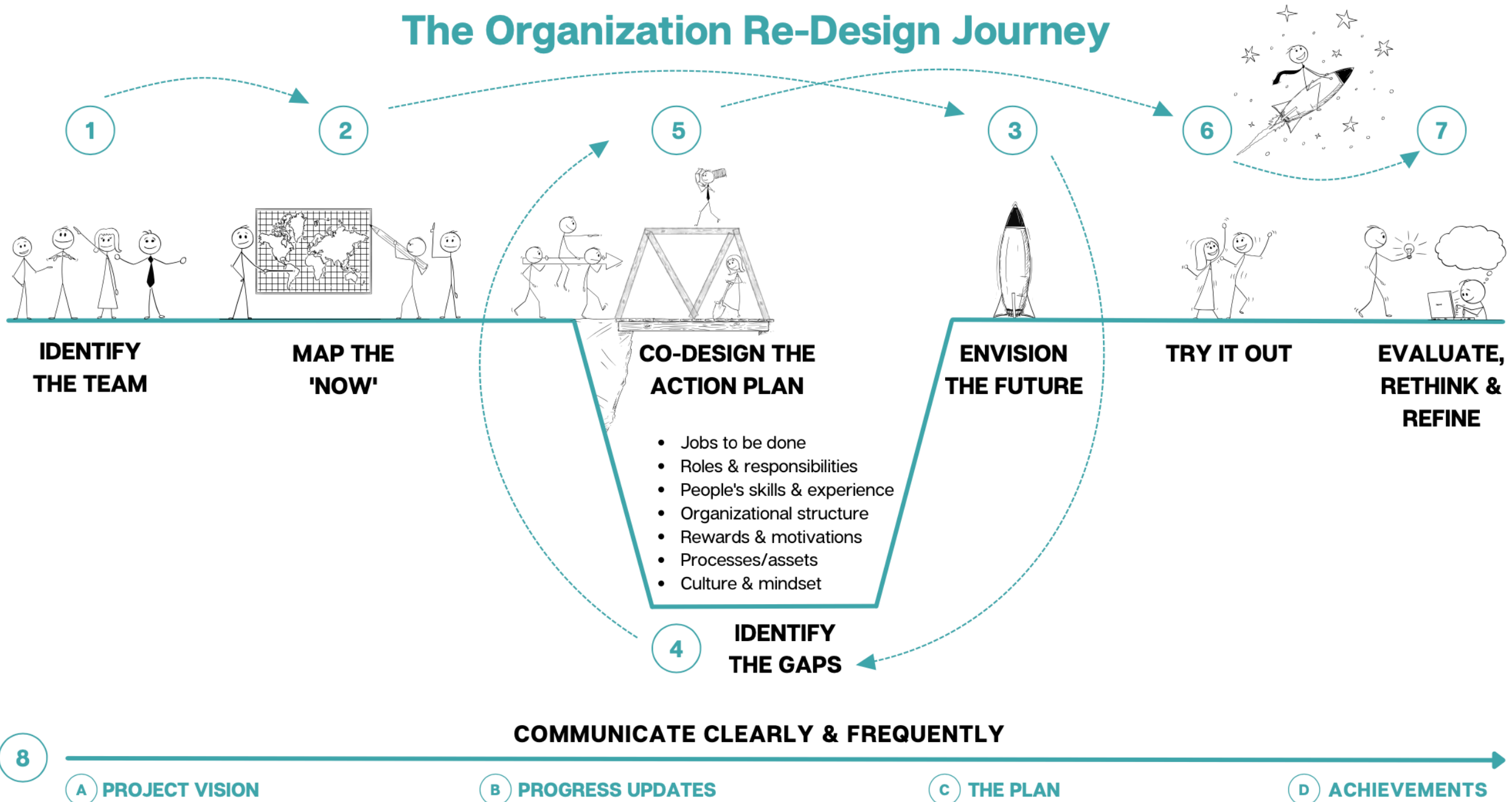
Purchasing Support Carve Outs

- Do you have a carve out or special policy or letter of understanding for purchased supports?
- Do you have a special job class for purchased supports that can be tailored to the particular interests of the person in the job posting?

Reductions in Service Rules

- How will you handle reductions in service – can a person's worker be bumped?

The Organization Re-Design Journey



**What
is
true?**

**What
would
have to
be
true?**



How are you feeling about Fee For Service in Developmental Services?



What questions about Fee For Service do you still have?

Q&A



thank you



Merci!

Miigwech

Nya:Wen

Ekosani

 People Minded Business

peplemindedbusiness.com

paul@pepleminded.ca

 **POORANLAW**

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bpooran@pooranlaw.com