

Wednesday 12 April 2023

Hon. Bill Shorten MP
Minister for the National Disability Insurance Scheme and Government Services
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

RE: Submission to the NDIS 2022-23 Annual Pricing Review

Dear Minister

Thank you for the opportunity to provide a submission regarding the NDIS 2022-23 Annual Price Review (APR).

Physical Disability Australia (PDA) hopes you and the NDIA staff reviewing and considering submissions find the recommendations and supporting arguments we make below compelling and worthy of serious consideration both within the scope of the APR Terms of Reference¹ and the NDIS Review's work in recommending a better pricing strategy for NDIS funded disability supports.

We understand that some of the suggestions we make below will lie a little beyond the APR Terms of Reference, however we felt it was important to announce them here as they inform some of the reasoning behind recommendations for the Disability Support Worker (DSW), Therapy Support, Support Coordination and Plan Management price settings we make below. We have little to say about provider registration costs nor labour market issues.

Price gouging or the 'NDIS levy'

Firstly, PDA notes there have been a number of recent news media stories on the sharp practice where NDIS Participants are forced to pay higher prices than other customers/patients because the *NDIS Pricing Arrangements and Price Limits*² allows them to do so.³ Regrettably, this is what happens when demand for services exceeds the supply of providers so that there is no competition among providers for services to Participants and no incentive to charge them less than the *NDIS Pricing Arrangements and Price Limits* stipulated maximum amounts.

We are sure that it is obvious to you and NDIA staff that look at the costs of the Scheme that having a *NDIS Pricing Arrangements and Price Limits* document that specifies maximum amounts for a lot of the supports Participants need invites **all** providers of these to charge these amounts. This excuse for providers in many markets where there are waiting lists for in-demand supports such as physiotherapy and occupational therapy to charge above average prices will only be removed by forcing them to charge reasonable prices.

We can see 2 ways to achieve this:

- Set the maximum chargeable amounts for 'NDIS levy' attracting services at the median fees charged to non-NDIS Participants; or

¹ <https://www.ndis.gov.au/media/5808/download?attachment>

² Current version: <https://www.ndis.gov.au/media/4518/download?attachment>

³ For example: <https://www.abc.net.au/news/2023-03-28/ndis-tax-disability-australia-costs-overcharging/102145090>

- Doing away with these (if not all) *NDIS Pricing Arrangements and Price Limits* items and making Participants (and their Plan Managers/Support Coordinators) responsible for identifying value for money supports that fit within a set budget.

Problems with the APR 2022-23 Consultation Paper⁴

Before addressing the Consultation Paper's questions, it is worth noting that many of them are problematic in that they are predominantly service provider focused and phrased in a way that begs the question.

If you ask any provider, what the cost drivers are for their business, they will most-likely list:

- Increases to pay rates in the Social, Community, Home Care and Disability Services (SCHaDS) Award;
- Higher non-support labour and premise rent costs;
- Compliance costs associated with NDIS provider registration and the audits it entails; and
- Other overheads.

This naturally leads to a claim that the maximum chargeable amounts need to be raised to enable them to stay ahead of these cost drivers and also remain sustainable (for non-profits) and/or profitable (for those with shareholders).

None of the questions are geared towards finding out what participants think of the *NDIS Pricing Arrangements and Price Limits* nor do they seek the views of Disability Representative Organisations (DROs) and advocacy groups.

Responses to issues specifically discussed in the discussion paper:

Rather than answer questions that aren't relatable to our members' experiences, what follows are PDA's views on the *NDIS Pricing Arrangements and Price Limits* categories discussed in the Consultation Paper and how these can assist in keeping the NDIS within its current budget parameters⁵ and reduce the 'NDIS levy' many Participants need to pay.

Disability Support Worker (DSW) related costs

The Consultation Paper notes that "the last APR's recommendation to simplify the NDIS DSW Cost Model was implemented, taking into account the costs providers incur in delivering supports across base salary, leave loadings, direct on-costs, operational overheads, corporate overheads and pre-tax margin", and depending on what pre-tax margin is set, this seems to be a reasonable approach to setting per hour DSW price limits. The key issue from our perspective is how the direct on-costs, operational overheads, and corporate overheads are determined.

As noted above, providers have an incentive to overstate the costs of hiring, training and paying DSWs to drive up the per hour reimbursement they can claim from the NDIS.

To arrive at a set of reasonable DSW per hour maximum prices, PDA recommends the NDIA employ (or contract) suitably qualified assessors to estimate the true cost of delivering one hour of DSW labour and, after the pre-tax margin has been added, set these as the *NDIS Pricing Arrangements and Price Limits* prices for these items.

Therapy Supports

As noted above, because the *NDIS Pricing Arrangements and Price Limits* covering particular therapy supports far exceed the fees charged by these providers to non-Participants, there is an inherent incentive for these providers to charge more than they might otherwise if the NDIS will write the cheque. This point applies more to providers of physio and occupational therapy,

⁴ <https://www.ndis.gov.au/media/5810/download?attachment>

⁵ PDA has long argued that as an 'Insurance' scheme that has all Australians as its 'policyholders' the Federal Government should introduce an NDIS levy as part of citizens' income tax responsibilities to ensure sustainability indefinitely and remove the NDIS from political considerations.

hearing assessment, and exercise physiology services than it does to providers of prosthetics, specialist positive behaviour support, and Early Childhood Early Intervention (ECEI) as these are likely to be providers that would service NDIS Participants more-or-less exclusively.

For the former group we advise setting *NDIS Pricing Arrangements and Price Limits* at the median fees charged by these providers to non-Participants, or striking these items from the *NDIS Pricing Arrangements and Price Limits* schedule so that there is no legal cover for charging NDIS Participants more than their other customers/patients.

For the latter group PDA again recommends suitably qualified assessors be tasked with determining reasonable per-hour rates for the professionals involved in assessing Participant needs and prescribing appropriate Assistive Technology and treatment solutions, noting that the prices for what is prescribed are covered by other *NDIS Pricing Arrangements and Price Limits* sections.

Support Coordination Supports

With regard to Support Coordination, the Consultation Paper noted the last APR's recommendation that the "NDIA should undertake a review of Support Coordination, in consultation with participants, providers and other stakeholders. In order to more clearly establish the roles, functions, responsibilities and accountabilities of Support Coordinators [and that] this will be examined as part of the NDIS Review." It was also noted that the cost of providing Support Coordination to over 196,000 Participants had risen by 16% and the number of Support Coordination providers had grown by 36%.

Feedback from PDA members who use Support Coordination supports is that the quality of this support is variable; some members are happy with what they are receiving and others are looking to either switch providers or, more frequently, self manage their supports. It seems to us that having more and more providers entering the Support Coordination market is only making quality harder to find.

To address this, PDA recommends that the market for Support Coordination be done away with. Through our involvement with the PACE⁶ Reference Group, we understand that Local Area Coordinators (LACs) who work for NDIS Partners in the Community (PITCs) are going to have a substantially reduced role in developing Participants' plans and that the NDIS Review is likely to recommend PITCs to focus more on connecting Participants with both NDIS funded and mainstream supports. As such, they would be ideally placed to provide Support Coordination as well.

We therefore recommend that no further increases be made to the *NDIS Pricing Arrangements and Price Limits* for Support Coordination (to reduce the likelihood that more providers will enter the market and that existing providers will cut the number of unfunded services they provide) until the outcome of the NDIS Review with respect to the role of LACs/PITCs is determined.

Plan Management Supports

As with Support Coordination, the Consultation Paper noted the last APR recommended that the "NDIA should undertake a review of Plan Management, in consultation with participants, providers and other stakeholders, in order to clearly establish the roles, functions, responsibilities and accountabilities of plan managers [and that] this will be examined as part of the NDIS Review."

From our perspective there seems little reason to separate Plan Management (paying provider bills) from Support Coordination (booking and scheduling provider services) and recommend these service categories be merged. Until then we make the same recommendation as for the Support Coordination market arrangements; that no further increases be made to the *NDIS*

⁶ Despite our involvement in the Reference Group, we have no idea what the acronym PACE stands for apart from the fact that it is a new Participant CRM that has been created in partnership with Salesforce (an American cloud-based software company).

Pricing Arrangements and Price Limits for Plan Management until the outcome of the NDIS Review with respect to the role of LACs/PITCs is determined.

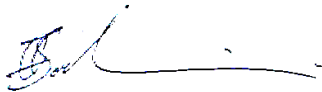
Conclusion

Until the change of Federal Government last May, a lot of the political rhetoric and public discourse around the NDIS was about the cost of the Scheme to Australian taxpayers and that this needed to be reigned-in⁷. Under the direction of the previous government and senior leadership of the NDIA, this resulted in many Participants having their plans cut, but no changes were made to the policy settings that resulted in steadily increasing *NDIS Pricing Arrangements and Price Limits* prices for DSW, Therapy, Support Coordination and Plan Management supports. This practice seemed to pre-suppose that the number of high-quality providers for all these supports would grow until supply exceeded demand and competition for the NDIS dollar would occur.

After 10 year of the NDIS being almost the only buyer of disability supports, this state of affairs has not eventuated.

PDA argues that the NDIA needs to take a new approach to managing the disability support market by either setting objectively sensible prices or doing away with *NDIS Pricing Arrangements and Price Limits* document altogether and letting Participants themselves determine what is value for money.

Yours Sincerely,



Andrew Fairbairn
President and Director (WA)
Physical Disability Australia



Simon Burchill
General Manager
Physical Disability Australia

About Us:

Physical Disability Australia (PDA) is a national peak membership-based representative organisation run by people with physical disability for people with physical disability. PDA was founded 25 years ago and we have over 1,000 members from all Australian States and Territories. Our purpose is to:

- Remove barriers through systematic advocacy to all levels of government to enable every Australian living with a physical disability opportunities to realise their full potential;
- Proactively embrace and promote difference and diversity for an inclusive society; and
- Actively promote of the rights, responsibilities, issues and participation of Australians with physical disability.

⁷ Completely missing from this rhetoric is an understanding that NDIS Participants pay tax too and that for every \$1 invested in the NDIS, \$2.25 is returned to the Australian economy (<https://everyaustraliancounts.com.au/opinion/australia-should-invest-in-the-ndis-to-help-the-economy-after-covid/>).