



**Australian Government**  
**Department of Health**

7 April 2017

The Commissioners  
National Disability Insurance Scheme (NDIS) Costs study  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2600

Dear Commissioners

**Department of Health Submission to the Review of National Disability Insurance Scheme (NDIS) Costs Study**

The Department of Health appreciates the opportunity to provide a public submission to the Productivity Commission's (PC) Review of NDIS Costs Study.

As you are aware, the NDIS is delivering a new system of individually tailored support for people with disability, based on need, where funding is provided in the form of an individualised funding package. People with significant and permanent psychosocial conditions who meet NDIS eligibility criteria will be able to participate in the same way as people with other severe and permanent disabilities.

In March 2013, the previous Government agreed that funding for 17 Commonwealth programs would transition, in full or in part, to the NDIS. That means that some or all of their funding will cease and be redirected to the NDIS, as the clients of these programs join the NDIS.

Of the 17 Commonwealth programs with funding transitioning to NDIS, there are three which provide services and supports to people with psychosocial disability. These are:

1. Partners in Recovery (PIR);
2. Day to Day Living (D2DL); and
3. Personal Helpers and Mentors (PHaMs).

A fourth program, Mental Health Respite Carer Support, provides support to carers of people with mental illness.

The Partners in Recovery and Day to Day Living programs are managed by the Department of Health. Personal Helpers and Mentors and Mental Health Respite: Carer Support are managed by the Department of Social Services (DSS).

This submission focuses on the issues of psychosocial disability and the NDIS.

In its 2011 report on Disability Care and Support, the PC recommended the inclusion of psychosocial disability within the NDIS, anticipating approximately 56,800 participants with a psychosocial primary condition at full scheme (latest estimate for 2019-20 is 64,000) at an annual cost of \$1.8 billion (indexed for 2019-20: \$2.6 billion).

The three transitioning Commonwealth community mental health (CMH) programs would support up to 41,509 people with mental illness at any one time, noting that a proportion of individuals are likely accessing supports from multiple programs (Commonwealth and state).

#### *Psychosocial disability in the NDIS*

There is broad stakeholder support for the inclusion of psychosocial disability in the NDIS, with feedback suggesting that participants are receiving better and more effective support and assistance under the NDIS than was available to them before accessing the scheme. However, there is growing stakeholder concern around eligibility for the NDIS and the loss of psychosocial services outside of the NDIS as Commonwealth and State and Territory programs transition.

The department notes the work undertaken by the National Disability Insurance Agency (NDIA) in relation to psychosocial disability around staff training, access and planning and communications and the level of engagement of the NDIA with the sector.

There are a number of elements of the NDIS that do not readily align with mental illness or the recovery oriented nature of Commonwealth community mental health programs. In particular, the requirement to demonstrate a 'permanent' disability is seen as a fundamental barrier to engagement for people with a mental illness. Further, feedback from funded organisations suggests that a significant level of support is required to help program clients navigate the NDIS access and planning processes.

The eligibility criteria of transitioning Commonwealth CMH programs vary:

- PIR eligibility: People with severe and persistent mental illness with complex, multi-agency needs. (The program guidelines also note that the program is intended to support people with persistent symptoms, significant functional impairment and psychosocial disability.)
- D2DL eligibility: People with severe and persistent mental illness
- PHaMs eligibility: People with a mental illness and severe functional impairment

Program eligibility criteria of a severe mental illness, or severe functional impairment, do not necessarily mean that a client would experience a severe and 'permanent or likely to be permanent' disability that is the requirement for the NDIS. Permanent disability may be associated with either a severe and persistent, or severe and episodic mental illness (where an individual's episodes of illness are accompanied by a cumulative functional impairment). Similarly, an individual may have a severe mental illness (persistent or episodic) but no, or non-permanent, functional impairment. It is therefore likely that some individuals could be eligible for a transitioning program but not be eligible for the NDIS.

The proportion of program clients who are eligible for the NDIS may also vary across locations, depending on the supports provided by the funded organisation, the demography of the population and the availability of other services. Further transition data is required to understand the proportion of existing program clients who would not meet NDIS eligibility

criteria. Analysis of PIR client data shows significant variation between jurisdictions in relation to the mental health diagnosis of clients. Examples are shown below:

Diagnosis	Proportion of client group							
	NSW	QLD	VIC	WA	SA	TAS	ACT	NT
Mood (affective) disorder	36%	42%	42%	41%	33%	23%	46%	13%
Schizophrenia, schizotypal, delusional disorders	30%	23%	25%	28%	10%	14%	21%	64%

*Partners in Recovery annual report 2014-15, Urbis, July 2015.*

Caution must be exercised in interpreting early NDIS data for transitioning programs, given the variation between regions.

#### *Transition of Commonwealth community mental health programs to the NDIS*

The PIR and D2DL programs have been extended to 30 June 2019 to ensure service continuity and to support the transition of eligible clients to the NDIS. Contributions from these programs to the NDIS are being made through in-kind support during the transition period. The programs will cease on 30 June 2019, with future funding directed to the NDIS.

In order to support PIR and D2DL organisations transition eligible clients to the NDIS, the department has funded the Flinders University of South Australia to undertake a Transition Support Project. The Project assists organisations to streamline their NDIS pre-engagement processes to enable an efficient and timely NDIS client application phase.

Face to face workshops for PIR and D2DL organisations are also funded through the Transition Support Project. The workshops enhance strong communication and information sharing opportunities. These workshops involve close liaison with DSS and the NDIA and providers. Feedback on transition issues is then conveyed to the NDIA.

#### *The role of States and Territories in CMH*

The primary role for community mental health service delivery has historically rested with the states and territories. The Commonwealth has also provided funding for a number of programs that provide psychosocial supports. Australian Government reforms in relation to the NDIS and mental health will assist in improving the quality and efficacy of supports, but potentially not the reach/coverage.

It is estimated that approximately 90-95,000 people are currently receiving psychosocial disability support services from Commonwealth or State/Territory government-funded programs, noting that client turnover would result in a greater number of people accessing supports over time.

It is unclear at this time how much funding from existing programs will contribute to the State/Territory NDIS commitment and how much of a service gap may be created by the transition of this funding into the NDIS. Some jurisdictions are still finalising decisions on which CMH programs will transition funding to the NDIS.

There is growing concern that the transition of existing Commonwealth (and state and territory) programs into the NDIS will exacerbate existing gaps in service provision.

Transitioning CMH programs may provide supports to a broader cohort than will be eligible for the NDIS, in particular where an individual's psychosocial disability may be severe but not considered permanent. Without adequate CMH supports, some people may experience increasing mental illness and disability, which would increase pressure on the health, mental health and social support systems.

Internal departmental modelling in 2016 using the National Mental Health Service Planning Framework (NMHSPF) estimates that 281,840 people aged 0-64 years would have a severe disorder requiring psychosocial supports. Not all individuals would meet NDIS eligibility requirements around severity or permanence of disability.

It is estimated that 91,916 people (18-64 years) with severe and complex disorders would most closely align with the NDIS Tier 3 population. The remaining cohort would require lower levels of assistance. It should be noted that there are limitations in using a resource planning tool to approximate population sizes in relation to NDIS eligibility.

#### *NDIS transition outcomes*

The number of people in the NDIS with a primary psychosocial disability and the average cost of their packages are broadly within the PC's original estimates. The NDIA 31 December 2016 report to the COAG Disability Reform Council notes that approximately 81 per cent of people with a psychosocial disability who submitted an access request have been deemed eligible for NDIS supports. However, program-specific data on NDIS transition rates for Commonwealth CMH clients is limited due to the bilateral phasing schedules. A number of factors may influence transition outcomes and final outcomes may differ:

- Most current data comes from a relatively small number of trial sites.
- Even within trial sites, a relatively large number of individuals have not yet requested access to the scheme. In part, this is due to phasing schedules, with Commonwealth CMH clients transitioning relatively late in the transition period.
- Some service providers have indicated that they have supported access requests for their 'easier to engage' clients first.
- Feedback from service providers suggests that ineligible decisions are due to permanency not being established in the initial access request. A number of clients found ineligible for the NDIS are submitting a second access request, and anecdotal feedback suggests that a high proportion are being found eligible from the second process - these numbers are currently low and further analysis is required.

Given the limited transition of Commonwealth CMH program clients to the NDIS to date, and the inability to track program clients within the NDIS at this time, there is little data available to enable a comparison of supports for programs pre- and post-transition.

There also appears to be significant variance in NDIS package costs across trial sites, and it is unclear whether the level and type of services included in current NDIS packages are similar to those anticipated by the PC in original modelling.

Further investigation is required to understand eligibility for people with psychosocial disability and to determine the likely cost for psychosocial disability at full Scheme. The overall Scheme costs will be determined by the:

- o number of psychosocial disability participants;
- o proportion of participants receiving 'low, high, moderate or intensive' care packages;
- o type and level of supports included in packages; and
- o cost of each support type.

#### *Feedback from service providers involved in transition*

Stakeholders have raised concerns with the department in relation to the hard-to-engage cohort of people with a psychosocial disability. Significant resources are often required to support a client through the access and planning processes and stakeholders are concerned that these services will not be available once existing CMH programs cease.

Further to this, feedback from various stakeholder groups has indicated the emergence of some grey areas in relation to NDIS eligibility for people with psychosocial disability,

including where an episodic mental illness results in a cumulative functional impact over time, or where a mental illness is considered treatable under the mainstream mental health system but there is evidence that treatment is ineffective.

Service providers in rural and remote areas have expressed concern that appropriate supports are not available for NDIS participants to access.

From program reports to date, a small proportion of clients have declined to apply. It is unclear whether this represents the final proportion of clients who will do so, or if the numbers will increase as transition progresses. It will be important to understand the size of the cohort, the reasons they are not applying and their support needs – some from this group may be eligible for NDIS supports.

#### *Continuity of support for existing program clients*

All governments have committed to providing continuity of support for existing clients who are not eligible for the NDIS. For the Commonwealth, this means that where existing Commonwealth program funding is rolling into the NDIS, program clients who are not deemed eligible for the NDIS will continue to receive supports. During the NDIS transition period this will be achieved through existing program structures and services. Longer term arrangements beyond transition will be made in the light of experience in the trial and transition phases.

The continuity of support commitment has been raised as a concern by service providers. It is currently unknown the proportion of program clients that will be deemed ineligible for the NDIS. Further information is needed of this cohort to inform continuity of support planning, such as the reasons for the ineligible access decision and the type of supports that individuals are currently accessing.

The number of program clients who will be deemed ineligible for the NDIS will provide an important insight into the emerging gap caused by the transition of existing CMH program funding to the NDIS.

#### *Summary*

The number of people with a primary psychosocial disability who meet NDIS eligibility criteria may be higher than PC estimates predict, placing cost pressures on the Scheme and the Commonwealth. Further, there may be a broader cohort of people with significant psychosocial support needs in the community (but without the severity or permanence required for the NDIS) who may also seek access, placing additional pressure on the Scheme.

It is critical that the NDIA continue efforts to ensure that the NDIS takes into account the support needs of people with psychosocial disability, including access pathways, assessment and planning processes. These processes must also be sufficiently flexible to take into account the episodic nature of mental illness. Individuals who meet NDIS eligibility criteria must be appropriately supported and provided with a streamlined process to access NDIS supports.

As transition progresses, further information will become available on eligibility rates and levels of NDIS supports. Additional data will also inform consideration of continuity of support requirements for those program clients deemed ineligible for the NDIS.

Despite some of the issues raised above in relation to the transition to the NDIS, most reports from our organisations demonstrate that clients are receiving better and more effective support and assistance under the NDIS than was available to them before accessing the scheme.

Yours sincerely

Mark Cormack  
Deputy Secretary  
Department of Health