

Submission from Better Caring Pty Limited

Productivity Commission Inquiry into National Disability Insurance Scheme (NDIS) costs

Perspectives of a disruptive innovator.

Better Caring is a peer-to-peer marketplace where people with a disability (and those who are ageing) can find and engage independent care and support workers

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www.bettercaring.com.au

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1. Executive Summary

The role out of the NDIS has multiple challenges:

1. The scale and timing of enrolment into the scheme - can the operational imperatives be met while still delivering the benefits of an insurance model to participants and the economy. The insurance model is based on providing people with a disability (real) choice and control to live an included life, socially and economically.
2. Can the market respond to the individual choice of participants and the rising demand for services, and in particular develop diverse, innovative, affordable and person centred services. If participants have real choice through self-management, then the market will respond. If the majority of participants are NDIA managed, with choice limited to registered providers, then innovation will be stifled.
3. Under a model of consumers having individual choice, the value of individual workers will rise relative to the value of provider organisations, and this is a positive outcome. To cater to participants, the focus has to ultimately be on making it more attractive for workers to enter the sector and to lower sector overheads.

A sustainable NDIS from a cost, benefit and services perspective, requires:

1. Technology and workforce innovation – we need to rethink the market structure for community aged care and disability support.
2. NDIS Participants need to be able to have real choice and control, and access to innovative service options. Streamlining the enrolment of participants into the scheme has short term benefits in terms of enrolment numbers, but has is currently at the cost of the number of participants self-managing or plan-managing, which is

imperative to the scheme's sustainability and the insurance model which underpins the scheme

3. Cost of services needs to fall, but the compensation of workers needs to rise. Overhead and transaction costs, and regulatory burden, need to fall.
4. The sector being an attractive work option for a quality and diverse workforce
5. Sensible regulation for safeguarding (i.e. sensible core minimum standards for workers in the sector) overlaid with transparent feedback on the consumer experience, with an emphasis on **real** consumer choice – as real choice will drive a market response. Real choice is based on
 - The consumer being at the centre of their decisions
 - The consumer being informed (including easy to understand transparent information, independent advice and advocacy as needed)
 - Diverse options
 - It being easy for the consumer to make decisions and change their mind with minimal to no switching costs
 - A positive approach to risk

2. Context

2.1 Market challenge, current market solution and technology disruption

We need to consider the NDIS challenge along-side community aged care. These markets have some key differences but also significant similarities.

There are almost 1,000,000 Australians (and growing) who need care and support in the home because they are ageing. In addition 460,000 people are being funded under NDIS. These c1.5m people live in homes and communities all over Australia, each with individual needs, preferences, abilities and interests. They are in effect “markets of one” They are supported by hundreds of thousands of workers who also live in those same communities.

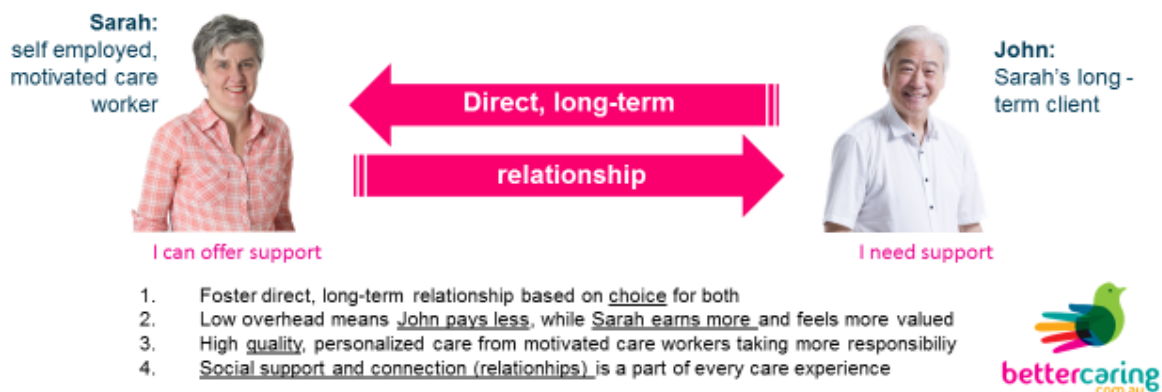
The current market solution generally places large hierarchical orgs between people, inside homes, for every hour of service. This market solution is often ineffective in delivering outcomes, raises the cost of services while reducing compensation of workers, and it reduces choice and flexibility for everyone.

For the scheme to be sustainable we also know that the cost of support needs to fall, but worker compensation needs to rise, if we are to attract the workforce to meet demand across aged care and disability support.

There is an opportunity to fundamentally rethink how this market operates. Technology (and in particular peer to peer marketplaces) can efficiently, effectively and transparently connect people directly (people who need support and people willing to offer support) in local communities around Australia – offering a significantly better outcome for consumers, workers, Government and the economy.

This model is based on efficiently and transparently enabling independent contractors, or micro business owners, to enter the sector and directly offer services to participants. This solution may not suit every worker or every consumer, but for those it does, it's a critical market solution that supports the goals of the NDIS and the sustainability of the scheme.

Solution – connect people directly in local communities



Disruptive innovation, including technology and workforce innovation, has a key role to play in the NDIS and in human services more broadly. We have seen industries as diverse as travel, taxis, retail, newspapers, the music industry and education – to name a few – significantly altered in ways that largely improve the quality and value of the user experience. Consumers and workers are more informed and exercise real choice.

Peer to peer marketplaces empower the users (consumers and workers) and are built on three pillars:

- (i) Trust – users are subject to the ratings and feedback of other users and need to earn and maintain the trust of the community.
- (ii) Convenience – users can easily and conveniently find what they are looking for
- (iii) Community – people gather around the marketplace to connect, transact, provide feedback and build relationships

These innovative models should be embraced in aged care and disability support services as the rewards to consumers, workers, Government and the economy will be significant.

The reduction in overhead and transaction costs can be shared between consumers and workers, meaning consumers can access services below NDIS cap rates, while workers can earn more. Lower rates means more hours of support from the same funding, which results in more efficient use of government funding. More hours of support directly translates into more community jobs.

In this new model, Traditional Providers still play a role, moving from being between the consumer and worker for every hour of service delivered, to standing beside consumers,

offering funds administration (as provided by Plan Managers) and impartial advice or co-ordination of services (as provided by Support Co-ordinators) and potentially higher value services in more complex cases. It is imperative, that Plan Managers and Support Co-ordinators are independent of and not conflicted by offering support services. With individualised funding, advice needs to be impartial of product, akin to the independence of advice in financial services.

2.2 Changing consumer behaviour and expectations

The consumer movement that led to the creation of the NDIS reflected changing attitudes, expectations and behaviours of consumers.

With choice, consumers aren't necessarily buying what was delivered to them historically:

1. Often the individual attitude, motivations and values of workers is as important or more important to consumers than mandatory qualifications. While it is easier to regulate compliance with mandatory training, only the consumer can truly assess the quality of the experience
2. Services demanded will include traditional domestic assistance, personal care and community access, but will extend to services that are unique to the individual and reflect their individual desire for social and economic participation, opening up new opportunities for workers.

2.3 Changing worker behaviour and expectations

Similarly, the attitudes, motivations and behaviours of workers are shifting globally. There is a world-wide trend across industries toward working for yourself on the basis it can be more flexible, more rewarding, more fulfilling and potentially more job secure. This is a trend that is forecast to continue to gain momentum. To cater to demand and diversity of demand, the disability sector will need to attract a self-employed workforce along-side an employed workforce. Innovative models like Better Caring enable the emergence of an independent contractor workforce within a framework of sensible core standards for safeguarding and transparency. It is critically important to NDIS sustainability.

2.4 NDIS participants need to have real choice and control, if they are to realise the goals of the scheme and for the scheme to be sustainable.

The imperative to enrol people into the NDIS has come at a cost which threatens the sustainability of the scheme.

The planning process to date has imposed barriers for people wanting to self-manage or plan-manage, resulting in a strong bias in favour of NDIA-managed participants. Note plan-management is effectively self-management, with the assistance of a financial intermediary.

NDIA managed participants can only access registered providers which leads them down the path of traditional service provision. They are not able to access the very innovative

solutions that both deliver better outcomes to participants but also offer more diverse, better value solutions. Concepts such as “my first plan” may on the surface appear to have a sound basis, but it is potentially at the cost of building the capacity of participants to self-manage

Specifically, there is strong evidence that:

1. Local Area Co-ordinators (LACS) often deter participants from self-managing even when a participant expresses a desire to self-manage
2. Many Local Area Co-ordinators don't understand self-management or how to facilitate it, in many cases, reflecting a lack of training.
3. The planning process often completely bi-passes self-management as an option unless the participant is particularly well informed
4. NDIA funded information sessions suggest self-management is too hard. Often organisations being paid to run information sessions, are inadequately informed themselves on the benefits and options around self-management.
5. NDIA participants end up NDIA managed without realising it which inhibits choice and access to innovative services (which is contrary to their understanding and expectation of the scheme)
6. Once NDIA managed participants realise they want to access non-registered services, it results in a plan review, which further burdens the NDIA's resources
7. Often people that want to self-manage and have the capacity to self-manage, are being funded for a plan manager, at additional cost to the Government
8. Providers are attending planning sessions on behalf of participants which seems designed to ensure the participant stays with the provider to deliver services. Although this may be within the “My First Plan” approach, it is a process that is becoming entrenched.

There is an eco-system of innovative companies emerging that are supporting participant to self-manage and plan-manage. These disruptive and innovative entrants are dependent on the number of people self-managing and plan managing. If the vast majority of participants end up agency managing, short and/or long term, due to enrolment imperatives and biases, the innovators risk withering on the vine, threatening the sustainability of the scheme. Alternatively, requiring innovative businesses to register with the NDIA to access NDIA managed participants, will inhibit innovation and true choice and control. Better Caring has considered registering as a Financial Intermediary but has been concerned about the unintended consequences for our innovative model.

The government needs to be actively engaging with this eco-system, alongside its sector engagement with traditional providers. In addition, the Government needs to be consulting with the participants and workers that are engaging with innovative models of service and work, to gain insight into the behaviour of early adopters of new models.

3. More specifically addressing the scope of this inquiry

3.1 The sustainability of scheme costs

Meeting demand for flexible, responsive and diverse services at a price point that meets NDIS cap rates, requires a large cohort of participants self-managing and plan-managing so that they can access innovative technology and workforce solutions. Participants being able exercise real consumer choice via self-management will drive market responses and innovative solutions beyond traditional service provider solutions.

Encouraging or funding the traditional sector to be more innovative won't drive innovation. Real consumer choice will drive innovation. Real consumer choice comes from self-management and building capacity to self-manage.

For example, in late 2016, the Government announced that National Disability Services (NDS) would administer a \$4m fund to support providers innovating in key areas of work design and workforce arrangements over 2 years. This funding is unlikely to support innovative entrants like Better Caring whose technology and workforce innovation is responding to consumer choice.

The NDIA needs to support people self-managing and help build their capacity to self-manage **from the start**. In some respects, you need to go slow to go fast. Large numbers of participants NDIA managing will ensure the status quo and threaten the sustainability of the scheme. In addition, there will be unnecessary costs incurred in plan revisions

3.2 Cost pressures including wages

Demand across the disability sector and aged care will ensure the compensation for workers will rise. Good workers will be in demand. This is a positive development as it will attract more workers to the sector and ensure workers feel more valued.

There are several ways to accommodate higher worker compensation while lowering service cost:

1. Technology and innovation (such as Better Caring) can drive efficiency, lowering overheads and transaction costs. Savings can accommodate higher worker compensation and lower service costs.
2. Lowering ineffective regulatory burden can accommodate higher compensation for workers. We strongly believe in a sensible approach to regulation for safeguarding via core minimum standards with an emphasis on the consumers right to choose and provide feedback on their experience. Better Caring operates within such a framework

3. Attracting more workers (supply) to the sector is not just about remuneration. Today's workers value flexibility, choice and control, being valued and respected, opportunities for training and development and developing relationships with clients. Models like Better Caring that promote and deliver these outcomes will be critical to attracting workers to the sector

"Being self employed has been a dream of mine for a few years. I longed for the flexibility and freedom of being my own boss. The desire grew and grew, but so did the financial insecurity and the fear always won... I am so happy to be an independent support worker with more work than I can keep up with"

Independent worker on Better Caring platform servicing 6 families

"I have really loved working as a Better Caring worker so far. I am thankful beyond words for having this platform from which to work! It is wonderful to be able to choose the clients that you know you can relate to and where you can be of service"

We need to recognise that both consumers and workers value flexibility. Individual sole traders and individual consumers generally have equal bargaining power and seek effective relationships. They can generally work things out efficiently and effectively in ways that work for both parties.

If the NDIS seeks to offer people an inclusive life, then much of the social inclusion will happen on weekends around common interests. Being able to make these connections flexibly and affordably can benefit both consumer and worker.

3.3 If efficiencies have been achieved within the scheme

We would argue that one needs to be careful drawing any strong conclusions at this stage due to the small numbers of participants that are self-managing or plan-managing. Few participants are able to exercise real consumer choice. This is due to the strong bias toward agency-management as discussed earlier. As such, many participants have ended up where they started, accessing traditional service provision.

By self-managing or plan-managing, not only can people access more cost effective services (and therefore purchase more services with their funding) they can start to be creative and truly design those services around their vision for an included life. This will yield significant benefits for participants but underpins the insurance model.

Certainly self-managing and plan managing-participants using Better Caring are achieving more efficient and affective outcomes

3.4 Examine the most appropriate levers to manage any potential cost overruns

First and foremost, focus should be on ensuring a significant cohort of participants self-manage and building the capacity of participants to self-manage. These will be the early adopters who will fuel further adoption of self-management as the scheme matures, leading to efficiencies in the sector. Failure to foster self-management among early adopters puts the scheme at risk.

How:

- Senior executive level responsibility with NDIA for the % of participants self-managing and plan-managing
- NDIA to publish numbers of participants 100% self-managing and plan-managing, and number of participants part self-managing (not just transport)
- Ensuring self-management and plan management are the default position for LAC's/participants, rather than agency-management which is currently the case
- Educate LACs and planners on benefits and process of self-management
- Ensure LACs do not have conflicts of interest working for organisations that offer traditional service provision
- Ensure LAC workflow explicitly contemplates participant choice around self-management, plan-management and agency-management
- LAC's and planners have KPI's around the % of people self managing
- NDIS information sessions need to cover the benefits and process of self-managing and plan-managing and the value of independent advice. Messaging needs to be simple, which is not often the case. You might consider changing the word managing to administration (as in self-administration, plan-administration etc) or only having two options: Self Managing (with or without a financial intermediary) or Agency Managing, again to simplify messaging.
- invest in capacity building of participants to self-manage
- Re-instating the monthly float for people self-managing. Removal of the float has led to people who would otherwise self-manage, choosing to agency manage. Few people can fund upfront the costs of services. It is difficult to understand this decision as it clearly undermines the goals of the NDIS

In summary, there seems to be some entrenched ideas in the disability sector and NDIA processes that undermine self-management and resist innovation, that is not being challenged. The NDIA needs to create the conditions for self-management to emerge as a viable option for participants and families. Self-management needs to be simple.

Secondly, NDIA managed clients need to be able to access innovative options like Better Caring as not only can they access better value, but participants build their capacity to self-

manage. In turn this will drive up the % of people self-managing with their second and third plans. In other words the NDIA and/or the registration process needs to accommodate innovative intermediary or market place models

3.5 Other observations

Severe and profound disabilities. Generally models like BC cater to participants who have the desire and the capacity (**either themselves or with the support of family, an advocate/advisor or provider**) to self-manage or plan manage. This covers a significant portion of participants. By more efficient and effectively catering to people who have the capacity to self manage, we free up system resources to better support people who have severe and profound disabilities and who don't have the capacity or desire to self-manage.

It is important not to design regulation around the most vulnerable person. People who have capacity, benefit from sensible safeguarding, with an emphasis on being free to exercise informed choice.

4. About Better Caring

Better Caring is an innovative online 'market place' platform (a peer-to-peer or person-to-person "P2P" market place), launched in 2014, that connects those who need home or community-based care and support, directly with care and support workers in their local area. The aim is to offer real choice, efficiency, quality and transparency; and ultimately, better outcomes for both workers and people requiring care and support services.

The Better Caring platform enables a wide variety of services to be offered, including care and support services, nursing services, social support and in the future, allied health services.

The platform works on the basis of enabling a mutually supportive relationship between care workers and 'care consumers'. On the one hand, it enables people with a disability, or people who are ageing and needing assistance (or their case manager, family members or advocate), to find and directly engage care and support workers, based on criteria that are important to them. At the same time, it enables care and support workers to offer services directly to consumers. In this way, Better Caring is enabling a growing community of care workers to build rewarding, successful careers in community care, in some cases working for themselves as independent contractors and in others as employees of the consumer, as circumstances dictate.

Better Caring operates within a framework of sensible minimum standards for workers (such as Police, reference and qualification checks) with transparent consumer feedback providing an important layer of accountability, while celebrating great care outcomes.

The roots of the Better Caring concept was borne out of one of the founder's personal experiences in struggling to find the right care for his parents who, like many, were

determined to remain living at home, but were frustrated with the lack of choice over who came into their home, loss of control and privacy, and the high cost of services.

For the past two years, Better Caring has been at the epicentre of a growing consumer trend to exercise greater choice and control.

We have witnessed first-hand consumer, worker and approved provider behaviour in adapting to this change in consumer behaviour brought about by reforms in disability funding (NDIS) and aged care (the introduction of Home Care Packages and Consumer Directed Care). Better Caring is itself a unique and valuable case study for understanding the benefits of introducing competition, contestability and user choice in these sectors and for understanding how technology innovation can transform a sector for the benefit of consumers and workers.

Finally, Quality is at the centre of Better Caring's innovative model:

- **It's QUALITY OF LIFE that's important**
- Quality of services and cost of services impact Quality of Life
- Quality as judged by the consumer, a shift from old model where quality was regulated,
- Attitudes, motivations and values of workers just as important as skills and knowledge
- Sole traders are motivated to up-skill and apply skills in practice
- Safeguarding is critical and combines minimum core standards with community regulation via transparent feedback