

Submission

Productivity Commission Review of NDIS Costs

Focus: NDIS Costs

Author: Matt Burrows

Matt Burrows is the CEO of Therapy Focus, one of Australia's leading providers of professional therapy services. Matt is a Candidate for the DBA Award at Curtin University with the John Curtin Institute of Public Policy, with the proposed thesis title "An investigation of governance frameworks that empower people with disabilities as consumers of care services".

The views contained in this submission are written from the perspective of a CEO managing a medium sized service provider organisation. They are the author's own views and do not necessarily reflect the position of either Therapy Focus or the John Curtin Institute of Public Policy.

In response to the general introduction:

The NDIS Issues Paper gives a good, broad overview of the issues identified during the trial of the NDIS and the initial stages of the full scheme implementation.

Table 1 outlines the intended effects of the NDIS in the disability services market and in doing so, lists features of both the old and the new systems. The assumptions that underpin the features of the new NDIS system are largely untested. The competitive market is yet to mature in many areas and without a deregulated price, is no more than a projected concept. Consumers having choice and control is an aim, but there remain many impediments to achieving this (see previous submission, available http://www.pc.gov.au/data/assets/pdf_file/0005/204908/sub206-human-services-identifying-reform.pdf). These impediments, in short, can range from information overload, market shortfalls, institutional disempowerment, latent loyalties, fear of change, and in some instances even too *much* choice. To suggest there is adequate depth and resilience in the market to underpin financial sustainability is more wishful thinking than statement of fact.

The remainder of this submission addresses the questions raised in the Paper. However prior to addressing the questions, the author considered the Paper released late last year by the NDIA on market stewardship (<https://www.ndis.gov.au/medias/documents/h08/h2e/8799510396958/Statement-of-Opportunity-and-Intent-PDF-1.02MB-.pdf>). It is noteworthy that this Paper is only marginally referenced in the Productivity Commission's Issues Paper, even though the subject matter is largely inter-related.

In response to the questions:

Cost drivers are well established for the NDIS defined disability cohorts. They are less well defined for chronic disease and psychosocial related conditions, or indeed comorbidities involving all. This will undoubtedly be a contingent cost going forward, and without clear delineation between the NDIS and mainstream services, the NDIS may become a veritable playground for cost shifting between agencies and between governments.

Utilisation rates of 70% are reported for full scheme. It would help to have this broken down into support clusters. The government needs to understand that provider sustainability depends on accurate forecasting of revenue so that labour expenses can be matched. Utilisation rates, as relevant to the supports provided (eg therapy), are critical as labour costs are usually >70% of any service provider business.

New scheme participant numbers are higher than expected if only people with newly acquired conditions were approaching the Scheme. How then does Western Australia sign an agreement forecasting a much reduced 39,000 total Scheme participants by full Scheme rollout? Are there differences between projections used by the Commonwealth Government appointed Actuary and the Western Australian Government appointed Actuary, and if so, why?

With lower than expected numbers of participants leaving the Scheme, the question should be asked what incentives are there to remain in the Scheme? Is continued financial support an

incentive? Is continued emotional support an incentive? Is continued therapeutic intervention an incentive? The answer to all these questions is likely yes. This being the case, the question might then be reframed to what incentive is there to leave the Scheme? And if a participant leaves the Scheme, what are the barriers to re-entry, should circumstances support further reasonable and necessary supports? The resistance to leave the Scheme may be a hangover from the block funded psyche where placements were cherished due to their scarcity. The NDIA might also consider introducing accountability around throughput. Where supports are episodic, as with some therapeutic interventions, the provider should be accountable for throughput as with a medical model of triage, treatment and discharge.

Participation in the Scheme, and utilisation rates once in the Scheme, could be impacted by any number of issues loosely referred to in the prior submission (see above). The constraints on open dialogue involving service providers during the planning phase may also be having an impact. Whilst it is an aim to empower consumers with choice and control, an immediate change in primary relationship from a trusted professional with expertise in therapeutic supports (for example), to an untrained, newly appointed bureaucrat, may not be the best way of achieving the redress in the power relationship. See paper written recently by Leighton Jay that explores this further (available <http://www.disabilityservicesconsulting.com.au/resources/bias-conflict-interest>). Note this is also a priority for the Independent Centre for Applied Not-for-profit Research where alternative frameworks are being explored such as planning with providers and quality assurance (and transparency testing) by bureaucrats.

The schedules to the Bilateral Agreements (example Western Australia) that detail relationships with mainstream services are loosely prescribed. The interface of the NDIS with mainstream services is important, but prescription only serves so much. This may have better complemented by exclusions using a Carver policy model (Carver, J. 2006) which might identify what is not allowable to be funded by the NDIS, rather than what is. The NDIS should not fund aspects of care or broader citizenship that would normally be funded by mainstream services. This was a major contributing factor to the downfall of the Aboriginal and Torres Strait Islander Commission over a decade earlier.

The initial demands on the Information, Linkages and Capacity Building (ILC) Fund are huge. Initial expectations were that it would fund all those old model services that do not fit neatly with the support pricing clusters of the NDIS. This includes for example advocacy (both individual and systemic), sexual health, cultural and linguistically diverse supports, sport and recreation supports and a host of others. As people come to understand the true intent of the Fund, the myths should be debunked and expectations should be clearly managed, with very clear objectives that have national consistency. State governments should open dialogue with those services and/or programs that are unlikely to be funded under the NDIS and a transition program or exit strategy should be formulated with them.

The National Injury Insurance Scheme aims to run on a cost recovery basis in the long term. The policy framework could take the lead of the National Prescribing Service (Medicine wise) Quality Use of Medicines Program which was premised on funding from savings from the Pharmaceutical Benefits Scheme. It represents a very successful example of cost recovery for a public health program initiative.

The fact that most people's first plan is conducted over the phone is an admission of compromise. The critical shortage in experienced planners; people with knowledge of available community and hospital supports, as well as an empathy borne from a lived experience (or close association with that experience), is ubiquitous. To deny otherwise is simply deceitful. Unless this matter is addressed, including through utilising all the available expertise that exists and is enshrined in long standing relationships between participants and service providers, the Scheme itself is at jeopardy. The pressures felt in trial will only exacerbate as the Scheme scales to full rollout. A less purist view on relationships will surely see better quality plans through a process that is scalable. In time the function can be transferred to truly independent planners once the Scheme is running. An example of this occurring was the Alliance trial in Western Australia, with an Evaluation report available from NDIA.

When considering scalability, the NDIA needs to factor in returns and reviews. Whilst the Alliance referred to above was tasked initially with assisting with planning for NDIA, the elongated timeframes meant in the end a number of reviews were undertaken. Getting 460,000 people on-boarded to a Scheme is no easy feat, but time stands still for nobody, not even the NDIS. In addition to on-boarding new clients, the NDIA needs to plan for the rolling reviews of existing participants and there must also be room for participants to return with their plan if dissatisfied with the planning outcome.

The use of assessment tools, triage frameworks and reference packages are all examples of simplifying the real world by use of models (or flow charts). They are a compromise on what the real world is and are a simplification of the issues and challenges that are prevalent in the real world. Whilst useful tools, they should be understood as a compromise on the uniqueness of individually tailored solutions. An over-reliance on any or all of them may result in the Scheme becoming more focused on inputs (eg price determinants) than on the outcomes (and the evidence base that supports the achievement of outcomes). The acknowledgement of the first plan being a top-down or budget-based approach seems a clear example of this. The fact that the majority of first plans are agreed over the telephone would also support this point.

The concepts of equity and equality should be explored as the Scheme rolls out. There will surely be less choice and control for participants living in regional areas where there is only a "thin market" and remote areas which for the most part are reliant on the government provided defaults (eg Base Hospitals). Managing expectations of what improvements participants can expect when entering the Scheme is important, not just so the participant can gauge the effectiveness of their supports, but also so that the insurance principles can be monitored. At the least, the Scheme should offer participants a "no disadvantage" clause when transitioning from the old pre-NDIS Scheme to the NDIS.

The workforce is a wicked problem. To think that the NDIS will cause the number of people employed in delivering supports to increase by 120% in five years is astounding. That this will represent 20% of new job creation for the entire nation is astonishing. This is probably the clearest indication of the scale of this reform. To think that we, as service providers, can just advertise for and employ that many qualified staff (eg therapists) in such a short time is just misguided. Let alone the considerations of balancing a commercial and compassionate culture during this transition time.

At entry to the NDIS in 2012-13 the employment market for therapists relied heavily on internationals supported to work domestically on 457 visas. By 2016-17 the training institutions had geared up and graduates now make up a steady portion of the new recruits. But there remains a gap and that gap is being filled from the full employment market being accessed elsewhere. Australia only has so many therapists and their entry into the NDIS employment field means they are exiting elsewhere. Anecdotal evidence suggests this is from areas other high need areas like the mental health sector (comments attributed to Chris Carter, CEO North West Melbourne Primary Health Network, December 2016). This is like robbing Peter to pay Paul.

High costs to enter market places are relevant in accommodation supports. They are less relevant in fields like therapy, although an investment in staff training and equipment is still required. Regulatory compliance for items like working with children (WWC) checks, as identified in the Issues Paper, would represent a very minor cost of market entry. Red tape is a real issue and regulatory compliance is a major contributor to red tape, but let us not be distracted by low cost items like WWC checks that are actually helping.

Cash flow is critical as we reengineer our service provider businesses from block funding in advance to individualised funding in arrears. Whilst many of us are excited at the opportunity this will represent for our businesses, and to extend the value we can deliver to new persons and cohorts, without the constraints of program funding, it must be done efficiently and effectively. Having a portal crash for three months is simply unacceptable. Add to this the inefficiencies of specialised areas of funding like AT Equipment assessments and ordering, and the report card for the NDIA portal is reading "F".

For the NDIS to succeed, we do need to see changed attitudes and behaviours with service providers. To achieve this, the NDIA needs to exercise a level of guidance and possibly a level of belligerence - to ensure a power shift to the individual; to ensure understanding of and adherence to proper insurance principles; to ensure the sustainability of the Scheme - but it simply has to have its own house in order to do this! Lest we capitulate to the level of petty bunfight that so defines the wise minds in contemporary politics that so purposefully determine our destiny.

This last point about the portal should be considered when pitching for the right level of administrative costs. An overhead of 7% is admirable. But if it is not realistic and leads to poor portal performance, or bad planning practices, then it is actually a bad investment. Surely this is an area the government has some expertise in.

The start of the Issues Paper details what this study is about. One of those areas is the notion of the *national* Scheme. Without WA signed up to a *national* Scheme, the entire Scheme is at risk. The entire Scheme is not sustainable as a *national* reform unless all States and Territories are signed up to it. The previous Chairperson, Bruce Bonyhady, was right in this regard when writing his opinion on the differences between the WANDIS and NDIS (available <https://probonoaustralia.com.au/news/2017/03/difference-wa-ndis-real-ndis/>).

To see this reform become a pillar of Australia's social policy framework for decades to come, it must become entrenched in the Australian nation's psyche. It must become as revered as the sacred cow that is now Medicare. Not above improvement, but above dilution and immune to

abolition. To become this pillar, this *national* reform needs all States and Territories signed up to it consistently.