



Response to Productivity Commission Issues Paper National Disability Insurance Scheme (NDIS) Costs

Introduction

DUO Services Australia Ltd is a leading provider of personal, home and community support services in and around Canberra. Annually, DUO delivers over 280,000 hours of services to more than 4100 clients and their carers, and has been operating under the NDIS model since 1 July 2014.

It is in this context that DUO provides a response to the Productivity Commission on its Issues Paper on NDIS Costs.

Discussion

The Terms of Reference for the Productivity Commission review of NDIS costs include: the sustainability of scheme costs, jurisdictional capacity, market responses and whether efficiencies have been achieved.

In reviewing the scheme, the Commission is focusing on the systemic issues that could affect the financial sustainability over the longer term and with a fixation on scheme costs that largely overlooks the implementation issues which are negatively impacting these structural matters in uptake and market growth – particularly in the areas of transaction costs and terms of business.

The new scheme is designed to change the way participants and disability support providers interact and the way that supports are funded, and while the original purpose of the NDIS was to address some of the shortcomings of the old system, it is important to note that enormous business uncertainty has been created and this drives cost.

Moreover, the purpose of the change to the NDIS was to address a systems failure in outcomes for people with disability – outcomes in quality of life and inclusion in the community – that cannot be simply determined by numbers and dollars.

In this submission, DUO considers factors it considers that affect market readiness from the perspectives of workforce, provider and participant, and suggests some areas of focus for future development or improvement.

MARKET READINESS

The Commission acknowledges that scheme costs depends in large part on the readiness of the sector to meet the demands for supports as the scheme expands to full roll out. Demand, supply and funding are expected to grow significantly and a clearer picture of the current challenges that the disability care workforce, providers and participants face will assist the Commission in its review of scheme costs.

1. Will the workforce be ready?

The full roll out of the NDIS will require substantial growth across all areas of the disability care and support workforce in the future however past and current recruitment and retention of workers have been ongoing challenges across the sector.

Historically, the support worker role is similar to that of a child care worker – low remuneration for the value of the work undertaken partially resulting in a limited and transient supply of workers. Few Support Workers see their role as a permanent or long term career option and choose to remain casual due to higher hourly rates. Subsequently, transitioning to full-time or permanent part-time is unattractive to employees who have no intention of pursuing long term career options.

This is further compounded by challenges aligning the Award with the current Price Guide (see attached price comparison spreadsheet). In addition, the cost to most providers of recruiting and onboarding a new Support Worker is approximately \$500.

Moreover, the Homecare stream of the Award makes it difficult to recruit permanent part-time employees as the hourly rate is low when compared to the responsibility that employees have for the goals and outcomes of the individuals they support.

Providers also experience difficulties in attracting and recruiting trained and engaged professionals due to training and capacity funding. Pathways for personal and professional development are limited due to budgetary constraints, resulting in a disengaged workforce.

Whilst newly recruited Support Workers may possess the values providers require, most have limited experience and require formal training in challenging behaviours, personal care and other more complex needs services to allow them to work across all customer cohorts. Training and upskilling a predominantly unskilled workforce is a significant expense to providers.

In our experience, the ratio of volume to caliber of applicants for Support Worker roles has been devalued due to increased demand for services (for example, only 30% of applicants proceed to interview). The inconsistency of NDIS hourly rates across the various services has resulted in some services being perceived as having less value.

2. Will providers be ready?

Many providers are experiencing high levels of stress and inability to meet growing demand due to operational issues with the NDIS and subsequent financial pressures reducing the quality of supports.

The NDIA currently sets price ceilings, and determines processes for providers to interact with the scheme that we believe are unrealistic for long term disability service provision. The main cause of issues relates to the transaction costs of operating in the market where it intersects with the NDIA.

Answering even only one of the many questions posed in the Commissions Issues Paper is illustrative of these sentiments:

Prices set by the NDIA at an efficient level?

No – transaction costs for providers are higher than what is factored into the pricing guide. For example, setting up customer service bookings and claiming has required additional staff to do very manual work through the portal (despite using bulk uploads for claims). This impacts the ability of providers to operate on the target back office costs assumed by the scheme and using the thin margins built into current pricing.

Pricing does not factor in participant choice to obtain composite services, for example a support worker who can deliver some domestic assistance/assistance with daily living, personal care/assistance with self care and access to community/respice. These rates are all different and it requires more work to effect such a session through the portal, for example one three hour session that combines these three services would require three separate service bookings to effect. In addition one support worker operating such composite care would expect to be paid at the highest appropriate award rate for the entire session, not at different rates for different services.

Price for some services like Lawn Mowing is far below the market rate – it is hard to source contractors to carry out these services as they are priced lower than others, resulting in long waits for NDIS customers as they are not prioritised by contracted providers who make a higher rate from commercial free market or even block funded jobs in aged care.

One answer for the NDIA is to enable better use of digital systems and data (all through its portal) to improve the efficiency of providers transacting with the NDIA, for example at present the portal offers no reporting for providers so they can effectively manage their customers in the portal.

3. Will participants be ready?

For many participants entering the NDIS, the ability to exercise choice and control over their supports and services will be a new experience. For some, determining a plan of supports, finding providers and negotiating services will be daunting.

The expectation on entering the scheme is that all participants will be able to engage electronically via the online Myplace platform. Notwithstanding the well-documented

IT issues with the introduction of the portal in July 2016, it has since emerged that many participants are ill-equipped to deal with this, especially carers with multiple dependants and their own disabilities to manage. An example of this is where participants new plans are allocated as self managing, and in the NDIA's original requirement to have all customers approve their service bookings on MyPlace. This requirement was subsequently removed after it was realised it was not possible for many participants.

Many participants are unaware that they have been issued a plan and have limited knowledge on what to do once they receive a plan. We cite one example wherein a current customer had their plan for nearly a year and never used it due to lack of information.

Of increasing concern is that supports given to many participants in their new plans since July 2016 have decreased dramatically from previous plans; in many cases funding has been reduced by over 20%. This can largely be attributed to participants not always being involved in the review process - a new plan is sent to them without their input as to what is or isn't working. This then results in a time-consuming review process (in some cases up to 6 months) during which time the participant may not be able to receive supports they require as they are not funded in the plan.

The large number of plans that were approved in November - December 2016 have been renewed in January - February 2017 without the participant being notified, negatively affecting continuity of service as providers cannot afford to provide services when "Stated Supports" are not thoroughly detailed on plans.

Additionally, plan management frequently changed in the new plan (e.g. NDIA Managing to Self Managing) without the participant being aware of what this means. The management of the plan funding (i.e. who payment is to be made by) is often split between the participant and NDIA within one particular support budget and with no detail given on the plan as to which items are to be managed by which party. NDIA does not provide this information while expecting the participant to give the information to their provider. In most cases, participants do not understand this and are not even aware of it. Meanwhile, communication between the NDIA and providers about plan reviews remains limited.

FOCUS FOR IMPROVEMENT

The NDIA could greatly improve the market conditions by reducing burdensome and inefficient processes and hence add to the sustainability of the scheme. It should concentrate focus on reducing transaction costs for providers where they intersect with the NDIA's administration of the scheme, for example.

- Enabling reporting for providers through the portal, for example ability to produce participant lists as they pertain to the provider (ie customers that have an agreement with a provider).

For participant readiness we venture:

- Involving participants in the review process, ensuring they are given the opportunity to have input into their new plans and can sight a draft before the plan is finalised. This would reduce the need for plans to be amended after they've been issued, decreasing the need for further reviews and saving the Agency time further down the track. It would also ensure that the participants fully understand what their plan entails and includes. This would have a positive effect on communication, build participant capacity, and improve plan quality.
- Monitoring planners' performance by tracking the consistency of the plans participants are issued with, and the ease at which service bookings and subsequent claims relating to those plans are processed.

Such solutions, particularly in relation to planning, would also greatly increase the quality of outcomes for participants without requiring a substantial financial investment.

In relation to pricing we would like to see thought given to enabling more flexible services bundling to meet the demand for composite service. This needs to be efficient for providers to manage (including being able to recruit staff), and such that the scheme begins to realise its ambition for service innovation in the market to benefit participant outcomes.