

PRODUCTIVITY COMMISSION POSITION PAPER

NATIONAL DISABILITY INSURANCE SCHEME (NDIS) COSTS (JUNE 2017)

SUBMISSION BY APC PROSTHETICS PTY LTD

BACKGROUND ON APC PROSTHETICS PTY LTD (“APC”)

The APC Prosthetics Group formed in June 1998. It has become NSW and Australia’s largest provider of prosthetic services. APC in its 3 facilities offers prosthetic treatment plans and service for all activity levels, from early post-operative management to specially designed prostheses for the Australian Paralympic Team, emphasising the importance of a multidisciplinary approach.

Our clinics provide services to public patients, private clients, insurance clients, defence personnel, AIS athletes and osseo-integration clients.

APC, through their Hunter Branch has participated in the NDIS Launch site (later called the Trial site) in the Hunter Region since the inception of the Launch of the NDIS. APC continue to provide services to NDIS from all 3 of its NSW clinics. To date APC has provided services to more than 100 NDIS participants.

APC since the inception of the NDIS has worked closely with the NDIA local offices, NDIA planners, and our Association body, the Australian Orthotic Prosthetic Association (“AOPA”) in the roll out of the NDIS. We have provided feedback on our, and our clients who have become participant’s, experiences of the NDIS, at both a local level and an association level.

APC has previously lodged submissions with the Productivity Commission. We also contributed to AOPA’s submissions to the Commission. We welcome the Commission’s contribution in establishing, and improving the NDIS. This submission is in response to the Commission’s Position Paper, issued in June 2017, in relation to the costs of the NDIS. APC has not attempted to comment on every aspect of the Position Paper’s findings, but rather focus on a few key policy issues.

1) GENERAL COMMENT

APC’s experience with the NDIS to date supports one of the first findings of the Commission in that “the level of commitment to the success and sustainability of the NDIS is extraordinary”. Our experience is that the medical profession, the allied health profession and the NDIA staff are committed to making the NDIS a success. Most importantly the participant outcomes from the scheme have been overwhelmingly positive. Many participants are enjoying improved mobility and improved quality of life outcomes that were simply not available through the existing State-based treatment pathways.

2) SPEED OF THE ROLL OUT (Section 3 and 11)

APC supports the Commission in its recommendation that the speed of the NDIS rollout and transition to a full NDIS should not be slowed down. While improvements to the system, such as improved Planner education and more streamlined administrative processes, need to be implemented, the NDIS should continue to be rolled out as planned. As the Commission points out it is about finding a “better balance” between all the factors that are currently inhibiting the NDIS.

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3) BI-LATERAL AGREEMENTS ADD TO INITIAL COSTS (Section 3)

APC support the contention that some elements of the initial Bi-Lateral Agreements, between the Commonwealth and State Governments did add to the initial costs of the Scheme. In NSW, the bi-lateral Agreement allowed Enable NSW (the State Government Agency responsible for managing the Prosthetic Limb Service in NSW) to charge a 13% Administration Charge for processing any new prescription or treatment plan for NDIS registered participants. The fee was a fixed fee and not commensurate with the work undertaken by Enable NSW in administering NDIS participant plans.

That arrangement has now ceased. However, it impacted on the total costs of providing prosthetic services to NDIS participants in the initial stages particularly for the high functioning prosthetic solutions. Costs should now be lower than those in the trial period, with a higher proportion of the costs being directly expended on the participants needs.

4) SCHEME ELIGIBILITY (Section 5)

APC supports the Commission's finding that the current "NDIS eligibility requirements" are appropriate and should not be changed. However, we note that there still appears to be confusion as to the status of participants with amputations. A number of our clients have applied to become participants and have been initially informed that they would not be eligible.

5) SUPPORTS AND PLANS (Section 6)

The Commission made a number of comments in relation to those participants who require specialist disability supports. APC supports the following Commission observations...

- *"The planning process is about matching scheme participants with support packages"*. In the provision of prosthetic services, each prosthetic solution is tailor made. Flexibility to devise individual participant solutions is paramount to participant outcome and the success of the NDIS. For participants with an amputation this principle should remain.
- *"Good planning processes are essential for the long-term sustainability of the NDIS"*. As noted by the Commission, there has been mixed results on how well the planning processes have worked. Improving the participant knowledge and experience of the Scheme will improve and streamline the planning process. In instances where the participant has sought information and actively engaged with both the NDIS planner and the Provider the outcome has been better for the participant. APC supports resources being allocated to participant and planner education. Currently Plan Approval timelines are blowing out.
- *"Poor planning can mean that participants are allocated supports that are not right for them, with the result that the benefits of the NDIS ... are not realised"*. The right prosthetic solution is critical to a person with an amputation. Modern prostheses were not available to many people with an amputation under the old State schemes. People with an amputation suffered from lower quality of life and less functionality. The NDIS is addressing that issue but the current trend within the NDIA is to not fund or support the appropriate prosthetic solution identified in the participant's plans. APC is concerned that participant outcomes are being compromised by NDIS budget cuts. Increasingly plans

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for participant's with an amputation are being challenged on cost grounds not on clinical grounds. This can lead to a mismatch between achieving the participant's lifestyle goals and the clinical solution.

- "Participants need to understand the Planning process". APC agree with this section of the Report. APC provides all its participants, free of charge, information about services for people with an amputation, the NDIS, the NDIS planning process and where to obtain independent advice. There is a role for both the NDIA and Prosthetic Service Providers to provide accurate and relevant information to potential NDIS participants. APC supports Prosthetic Service Providers involvement in improving the participant's understanding of the processes, but this needs to be accepted by the NDIA at both local and National levels.

6) PLANNERS NEED MORE DISABILITY KNOWLEDGE (Section 6)

APC supports the Commission's findings that the Planners and the NDIA can "leverage expertise from within the industry and getting specialist disability organisations or service providers more involved in the planning process."

This is particularly apt for the participants with an amputation. Participants with an amputations make up a very small proportion of NDIS eligible participants (less than 1%). It is also a very specialised area of service. NDIA planners could not be expected to possess knowledge of prosthetic solutions. The knowledge gap can be filled through a combination of the Prosthetic Service Providers, the Professional Association (AOPA) and support groups (Limbs4Life, Veterans Association) providing information and education services for NDIA Planners and Local Area Coordinators.

APC offered their services to conduct, free of charge, a half-day seminar for NDIA staff during the Hunter Trial. The offer was not accepted on the grounds of a possible conflict of interest. The suggested compromise was to coordinate the seminar through the Professional association (AOPA). That option is still available to the NDIA across the State, as yet, this has not been taken up. Industry and / or the Association could run seminars for NDIA staff across the country.

During the Hunter Trial, APC found it most beneficial to ensure that the Local Area Coordinator was well-informed on the sector and on prosthetic treatment solutions.

In this way individual Planners, who would only manage a few participants with an amputation, could refer more complex matters to the LAC. So our recommendation would be that for specialist areas of Disability Services, like services for participants with an amputation, the LAC becomes the coordinator for the NDIS in relation to the "Disability Knowledge" issue. APC supports the suggestion that LAC be given great authority to approve participant plans.

An alternative approach, as suggested by the Commission, is to create "specialist planning teams for some disabilities". These teams could operate at a regional or State level. APC would be supportive of this approach if it involved industry participation. It would only work if those providing the services at the coalface were involved in the process of providing technical and clinical advice to the NDIS.

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Overall, APC is supportive of greater industry involvement in the planning processes. In many cases, providers like APC, have been, and would continue to be, providing the most direct care to the NDIS participants and accordingly are trusted by the NDIS participants.

7) MARKET READINESS (Section 8)

The Commission proposes moving towards the deregulation of prices in 3 stages. APC is supportive of this approach provided the independent review mechanisms are in place. The Commission identifies the in-built conflict of interest in the current system whereby the agency responsible for setting and managing the budget is the same agency that has to approve pricing and approve the plans.

Similar conflicts have existed under the State based schemes, whereby the State Agencies base their approvals for any price settings on their own agency budget not on merit. The system also works against any price and market competition. It has meant that prosthetic services have sometimes been provided at a loss or are industry subsidised and in some cases the quality services and supports become unavailable to some participants.

So APC STRONGLY supports the establishment of an Independent Statutory Authority that has the powers to set prices as a Regulation. A role IPART plays in NSW for a number of sectors.

APC also acknowledges the Commission's observations on the challenges of providing competitive services in "thin markets". The provision of services to participants with an amputation, particularly in Regional Australia, is a thin market. As the Commission notes "More flexible funding, service delivery and other measures tailored to the specific circumstances are needed."

8) GOVERNANCE (Section 9)

APC proposes two suggestions on Governance matters that are only relevant to the provision of services to participants with an amputation. They are ...

- (a) Establish a National Review Body for Prosthetics, like a Medical Tribunal, that can provide the NDIA with expert knowledge on prosthetic services pathways/solutions and to review cases where the participant appeals against an NDIA decision. It would be an ad-hoc Committee that would only need to meet (or review files via email) on an irregular, or as needs, basis. The Body should include independent representation from the Association Body and expert prosthetists working in the sector.
- (b) That there is no further need for State-based agencies to be involved in the assessing or processing of NDIS participant plans. The process for participants and planners needs to be streamlined and the NDIS processes are now mature enough, after the trial periods, to allow the NDIA to assess all plans without the need to refer to the State based agencies. This approach will lower the administrative costs and improve the timeliness of the assessment/approval process.

APC Prosthetics Group - July 2017

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