

17 July 2017

Review of NDIS Costs  
The Productivity Commission  
GPO Box 1428  
**BARTON ACT 2600**

Dear Productivity Commission,

**RE: REVIEW OF NDIS COSTS – RESPONSE TO THE PC POSITION PAPER**

Plan Management Partners (PMP) is a Registered Provider of Supports under the *National Disability Insurance Scheme Act 2013 (Cth)*.

We provide our feedback in response to the Position Paper produced by the Commission based on our experience with the scheme and scheme participants to date. We would welcome further discussion with Commissioners on the matters raised as appropriate.

Yours faithfully,

**Sean Dempsey**

Chief Executive Officer  
Plan Management Partners

## **PRODUCTIVITY COMMISSION (PC) NATIONAL DISABILITY INSURANCE SCHEME (NDIS) COSTS PMP RESPONSE TO PC POSITION PAPER JUNE 2017**

### **Foreword**

This submission is in response to the position paper issued by the Productivity Commission (PC) in June 2017 which outlines the Commission's early thinking on the NDIS Costs study.

We note that the purpose of the position paper is to seek feedback on the Commission's preliminary conclusions and draft recommendations, and on any additional issues that should be considered before the public release of the completed study in September 2017.

Comments from Plan Management Partners Pty Ltd (PMP) are directed towards those matters concerning 'participant readiness' and in particular the role of intermediaries in supporting and guiding scheme participants as well as their relevancy to the financial sustainability of the scheme.

### **About Plan Management Partners**

PMP is a Registered Provider of Supports under the National Disability Insurance Scheme Act 2013 (Cth). The function of PMP sits outside the direct control of the NDIA, with its support coordination service provision classified as an intermediary or, to use the original definition upon design of the Scheme, a Disability Support Organisation (DSO).

PMP was formed as a Joint Venture initiative in July 2016 to specifically provide plan management services to NDIS participants, that being support to people with disability in managing their funds and third-party service providers as part of their NDIS plan.

The PMP Joint Venture partners are Disability Services Australia (DSA) and McMillan Shakespeare Group (MMS).

DSA commenced operation in 1957 when a group of parents created employment opportunities for their sons and daughters with disability. Today DSA is a large not-for-profit (NFP) organisation employing more than 1,200 people in key regions of NSW and the ACT including The Hunter, The Illawarra, Metropolitan Sydney, the Southern Highlands and Southern Ranges.

DSA advocates for the rights of people with disability to live a life of choice, inclusion and achievement. It aims to empower people to make decisions and supports them to develop the skills and capabilities necessary to participate in society and contribute to the economy. DSA is a registered NDIS provider.

MMS is an industry leader in funds disbursement and outsourced payment administration. It manages among other services, the salary packaging requirements for more than 300,000 employees across the NFP and public health sectors. The company makes more than 11.5 million single payments a year in disbursing more than \$3.8 billion annually.

The Group is listed on the Australian Securities Exchange and employs more than 1,200 people in Australia, New Zealand and the United Kingdom.

DSA and MMS have partnered to bring to bear their combined expertise in disability service provision, sector knowledge and funds and payment administration. PMP commenced initial service provision out of Blacktown (Sydney) and is currently progressing towards a national rollout.

PMP welcomes further discussions with the PC concerning matters raised and socialised in this submission.

## **Participant Readiness – PMP’s Response – 8.2**

Prior to responding specifically to point/section 8.2 below, PMP reaffirms its considered view that NDIS participants are ill-equipped in general for the new scheme. We believe there are a range of factors driving this outcome.

Participants are finding it difficult to understand how to implement their plans. The level of guidance and support that they are receiving in how to exercise ‘choice and control’ is below what we believe is adequate and sustainable.

Participants who we see are generally less prepared and informed as to how they should go about implementing their plan and NDIS budget than what we would regard as desirable or necessary.

Why is this the case? There continues to be, in our view, a more fragmented approach to supporting and guiding scheme participants than was intended by the DSO (intermediary) model, resulting in a lack of clarity and understanding around the role of plan management/intermediaries. This in turn has caused an overreliance on the NDIA (and Local Area Co-ordinators (LACs)) with regard to assisting individuals to manage their plans.

The coordination of supports is a specialist skill that helps NDIS participants to navigate a complex service delivery environment. We query whether the NDIA or LACs are sufficiently informed to adequately advise participants as to the availability (and importantly the value of) of support coordination services. This is leaving participants unprepared and incapable of implementing their plans and NDIS budget effectively, together with undermining the degree of confidence desirable.

This overreliance on the NDIA and LACs is contributing to inefficiencies for both the Agency and scheme participants, ultimately adding costs to the scheme and reducing in our opinion its effectiveness for participants and the scope for innovation.

## **PC Information Request 8.2**

*“Is there scope for Disability Support Organisations and private intermediaries to play a greater role in supporting participants? If so, how? How would their role compare to Local Area Coordinators and other support coordinators?”*

## Our Response

PMP has provided intermediary services to a diverse range of scheme participants for nearly 12 months. This experience has given us first-hand insight into the need for intermediaries to support participants and how this can be most effectively achieved.

Intermediary organisations such as PMP play an important role in negotiating support costs with providers, arranging delivery of the support, and providing ongoing information to providers with regards to specific needs of participants.

Furthermore, support intermediaries aim to guide participants through the complexities of the scheme so they can best assume control of their plan. They also administer payments with third-party providers where necessary.

The services provided by intermediary organisations specifically aim to:

- **provide necessary support and guidance** to help participants navigate the complexities of the new NDIS landscape
- **derive better value for participants** through developing detailed service provider knowledge and creating a competitive environment for the supply of services
- **reduce complexity** by removing the burden of administration from participants including making and tracking payments and enabling them to focus on their quality of life
- **put participants in control** by empowering them to make decisions and regain control
- **increase choice** by providing a wider selection of service providers for participants to choose from and assisting them to connect with providers based on their individual support plan

In addition, the maturation and scaling of intermediary services over time will create economies of scale whereby size and mass will deliver operational efficiencies in the procurement of disability and related services from providers at a level which is not currently feasible given the lack of consolidation of this delivery channel. A larger purchasing power, for example, will bring with it inherent cost savings.

However, given the current barriers for intermediaries, and:

- without participants being made aware of the availability of the intermediary services, and
- without them receiving the necessary guidance and support participants are experiencing a higher state of unpreparedness and an inability to navigate through the complexities of implementing their plans and NDIS budget than otherwise desired.

In particular, we attest that greater cultivation of the intermediary channel to facilitate the flow of information and dialogue between service provider and participant will help to minimise these issues, provide greater guidance and control, maximise plan utilisation and ultimately increase quality of life for participants.

Our response below in terms of addressing some of the key barriers to entry for intermediaries would, if acted upon, assist intermediaries to play a materially greater role as originally intended when the scheme was designed.

In terms of how the intermediary role compares to LACs and other support coordinators, we currently see no overlap with the role of Plan Managers and LACs; however, we believe there could be a role for Plan Managers to assist in the planning stage.

As dedicated Plan Management providers do not currently engage in service provision, there would be no conflict were we to perform some level of planning. This would avoid duplication of effort, the requirement for participants to repeat their 'story', and streamline the process for participants. It would effectively remove cost from the process and we believe produce a better outcome for participants.

## **PC Information Request 8.2**

*Are there any barriers to entry for intermediaries? Should intermediaries be able to provide supports when they also manage a participant's plan? Are there sufficient safeguards for the operation of intermediaries to protect participants?*

### **Our Response:**

#### **Barriers to Entry for Intermediaries:**

The current barriers to entry for intermediaries are best categorised as follows:

- Continued overreliance on the NDIA (and LACs in part) for the management of participant plans
- Lack of identification and funding within participant plans for support coordination services
- Lack of knowledge and awareness around the role of intermediaries

#### **1. Continued overreliance on the NDIA**

As mentioned previously the DSO concept was not included in the rollout of the NDIS in its original form as intended. The experience of PMP has been that the non-inclusion of the 'DSO' concept was problematic given that we witnessed firsthand the efficacy of plan management services in supporting and guiding scheme participants.

The current approach is more fragmented than the DSO model intended, leading in our opinion to a lack of clarity and understanding around the concept of plan management. This has created an unnecessary and unintended overreliance - and inefficiency - on the NDIA to assist individuals to manage their plans.

To illustrate this point we note from the NDIA Quarterly Report to COAG Disability Reform Council 31 March 2017, of 74,871 plans approved as of that date, 74% were solely agency-managed, while only 10% were plan managed by an external provider.

This would appear to be in conflict with the stated first principles of the Agency function as documented by the Productivity Commission in 2011, and accordingly a defined area of opportunity to enhance the longer-term sustainability of scheme costs and functionality of the Agency/scheme.

The level of reliance on the NDIA (and LACs) for assistance in plan design, implementation, review and management stages is in our view consuming a level of resourcing energy and focus across the agency that is greater than was intended or desired. This has created an environment where there are times where a lack of appropriate guidance and support exists for participants once their plan has been finalised. At the same time there exists a narrowing of opportunity for private intermediaries and DSOs to establish a functioning competitive market to provide such services.

Our understanding is such that the involvement by the NDIA in particular **was not meant to be a primary function of the Agency in the overall interest of the scheme and would appear to be in conflict with the stated first principles of the Agency function as documented by the PC in 2011.**

We again query how well placed the NDIA is to provide such services and whether this resides within its core competencies. In many respects the NDIA is ‘competing’ with the intermediaries for the provision of such services.

We contend that this overreliance on the NDIA for the provision of such services will ultimately:

- drive up the overall cost of the scheme
- impinge upon the ability of the scheme to achieve full rollout by the intended dates, and
- **potentially prevent new market entrants from introducing the level of service, innovation and efficiency that would otherwise be achievable or desirable**

We maintain that consideration should be given to removing or narrowing the ability (and need) for the NDIA to manage plans.

It is difficult to find benefit or purpose in a rationale for continuing with the level of reliance on the Agency for the provision of such services. Specialist intermediaries and DSOs with core expertise in such services—both human and technological—can perform such functions more efficiently and cost effectively.

In our view (and based upon our ‘on the ground’ experience in working with participants and their carers), and as intended by the scheme’s original architecture, the role of intermediaries in the disability market is necessary to bridge information gaps and facilitate the flow of information from service provider to scheme participant. This will enable participants to make informed and confident decisions about the supports they require and ongoing administration of their plans.

While the Agency continues to manage such a high percentage of participant plans, the role of intermediaries is artificially prohibited from evolving at anywhere near the optimal rate for scheme participants and more holistically, the wider scheme in our view.

## **2. Lack of identification (and therefore funding) within participant’s plans for support coordination services**

As a Plan Management organisation, our services span from the provision of transactional and payments functions through to needs assessment and receiving services in the form of support coordination. In our experience it is critical that NDIS participants receive the following to benefit from their funding:

- Clarification of what services are reasonable and necessary according to NDIS guidelines
- Ensuring unregistered providers have police checks, appropriate insurance, and agree to terms ensuring they are suitably qualified to work with or for people with disability
- Support to source providers to meet plan goals
- Support to interpret and understand the various line items in their plans

However, the support and guidance that is provided through 'support coordination' services, and required by the majority of clients, is in most cases omitted from the funding supports of participant plans. Most of our customers find the NDIS confusing, do not have the skills to source providers and negotiate and interpret service agreements with providers, and simply activate their plans.

For those participants who do not have support coordination funding included within their plans, the monthly transaction and set-up fee alone does not provide sufficient funding to provide the level of support our customers require. In addition, current issues experienced in utilising the myplace portal places significant pressure on the cost of operational process delivery which provides little or no scope for providing these important functions for customers.

The impact of this problem is that many participants are unable to receive the level of support they actually require, and it in turn, this inhibits the ability of intermediaries to propagate and provide the necessary level of service provision. Rather what is required is greater support coordination or plan management activity hours to be included in participant's plans at the time of their origination, **so that plan managers can provide the necessary support for those scheme participants who clearly require it.**

### **3. Lack of knowledge/awareness around the role of intermediaries**

The resourcing, knowledge and support of LACs is also contributing in our view to the identified gaps and apparent underutilisation of intermediaries.

The understanding within LACs, and importantly planners, around the role and value of the intermediary to a participant is often low, creating a barrier towards their utilisation. That being said, PMP have undertaken an active role specifically across Western Sydney to help LACs better understand the role and value of plan managers.

This education process in Western Sydney, whilst labour intensive, is proving to be of value to LACs, scheme participants and PMP collectively. The challenge is how the scheme achieves the necessary level of awareness of the intermediary channel on a national basis and in a cost effective and efficient manner.

### ***8.2 (Cont.) Should intermediaries be permitted to provide supports when they also manage a participant's plan?***

#### **Our Response**

As noted in our submission to the PC in March 2017 concerning NDIS costs and reiterated above, the original Productivity Commission's Inquiry Report into disability care and support in 2011 identified the role of DSOs as essential to the design and operation of the NDIS.

However, the DSO concept was not included in the rollout of the NDIS in its original form as intended, but rather in its place were LACs, Plan Managers and the ILC framework. In addition, funding for support coordination is being included in some individual plans to support participants to select and engage with service providers, and on a number of occasions, we understand support coordination is being delivered by service providers who are not necessarily independent of the service provision.

It is important to note that coordination of supports is a specialist skill which helps NDIS participants navigate a complex service delivery environment by understanding their unique needs. Importantly, for service providers to legitimately provide support coordination and plan management services, both informed consumer choice and a clear separation of service provision and support coordination services, would need to be demonstrated.

In our view the management of plan management service provision should be separated from organisations who are also providing direct service provision, as these are guidance and support roles designed to assist in the identification and selection of the service provider. That is, plan management should be separate from service providers to avoid potential conflicts of interest

Or in the instance of service providers who are also performing support co-ordination activities, that there are in place mechanisms to ensure the maintenance of effective choice and control for participants, rather than service providers merely referring customers to their own service.

As an example of what we believe is necessary and best practice, PMP has established a standalone entity with its own Board of Directors and independent governance controls and protocols, in part to mitigate and manage any potential conflict of interest matters and to ensure the necessary transparency in service provision.

**July 2017**