



Review of NDIS Costs
Productivity Commission
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Dear Inquiry Secretary,

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

Thank you for the opportunity to provide a submission to the Productivity Commission regarding the National Disability Insurance Scheme (NDIS) Costs Issues Paper released on the 22nd February 2017.

The Australian Orthotic Prosthetic Association (AOPA) is the peak professional body for orthotist/prosthetists in Australia. Orthotist/prosthetists are tertiary qualified allied health professionals who assess the physical and functional limitations of people arising from illness, limb-loss and disability. Orthotic/prosthetic services typically include, but are not limited to, the assessment, prescription, design and fitting of a wide range of orthoses and prostheses which support an individual to achieve their functional and participation goals.

The NDIS has, and will continue to, have a substantial impact on people who require orthotic/prosthetic services in Australia. Successful operation of the NDIS will allow participants to participate in the community, engage in work and live an ordinary life in accordance with their personal goals. AOPA is committed to working closely with the National Disability Insurance Agency (NDIA) to ensure both administrative costs are minimised and choice and control is exercised by participants, allowing orthotist/prosthetists to provide optimal services whilst ensuring value for money.

This submission addresses the questions within the Issue Paper that are most relevant to the profession and consumers of orthotic/prosthetic services. AOPA acknowledges the difference between transitional issues and those that are structural. We propose the following recommendations that pertain to structural issues that are producing a cost impact:

- That the NDIA should seek support from the sector for the development of accurate benchmarking packages where there are unique challenges, such as those within orthotic/prosthetic services.
- The Productivity Commission examines the arrangements between state funding schemes and the NDIS, including the cost for administration of support applications and credentialing of practitioners.



- That Exemplars are developed to support Planners in the planning process where complex and specialised supports are required.
- That the study investigates the potential for planning efficiency through collaboration with professional bodies.
- The study considers the ongoing influence of state equipment scheme policies and processes on market growth and the entry of new providers.
- AOPA proposes the National O&P Service Improvement Program, a unique program that will measure consumer satisfaction, support consumer choice and drive improvement.
- That the study investigates innovative methods of supporting consumer decision making.

AOPA is able to provide further evidence and information to support this submission and is available to discuss the interplay between orthotic/prosthetic services and NDIS costs.

Yours sincerely,

Leigh Clarke

AOPA Executive Officer

24 March 2017



2. Scheme Costs

- *‘Why is there a mismatch between benchmark package costs and actual package costs?’*

Benchmarking has an important administrative and budgetary function. The development of accurate benchmarking packages within the NDIS will allow for seamless processing and therefore a reduction in administrative costs and accurate budgeting across support streams, including prosthetic services. Currently there is substantial mismatch between benchmark package costs and actual package costs for orthotic/prosthetic services. In fact, many orthotic/prosthetic supports have no benchmark costs within the Scheme (often listed as \$0). This is due to an ongoing difficulty in ascertaining relevant benchmarking data for orthotic/prosthetic services. AOPA supports the use of benchmarking packages but acknowledges the challenges of establishing accurate benchmarks in a sector with low service numbers, highly customised and varied services, and substantial historical variations across state and insurance schemes.

Orthotic/prosthetic services constitute a relatively small proportion of total disability services provided by the NDIS. Consequently, the limited amount of available data makes it difficult to ascertain appropriate benchmarks. Additionally, the highly-customised nature of orthotic/prosthetic services and variability in device and service types makes it difficult to establish ‘normal’ package benchmarks. For example, the number of upper limb prostheses funded through the NDIS to date have been very low when compared to other support types. Variations in the length of prostheses (such as above or below the elbow) and the type of prostheses (such as a myoelectric, functional or cosmetic) further increases the data range for this one support type. This variability within an already small dataset reduces the accuracy of package development based on current NDIS service experiences.

Data derived from state schemes and insurance bodies is insufficient to inform benchmark packages due to the lack of comparability of their policies and pricing structures to the NDIS. The various state schemes utilise highly disparate policies, for example prior to March 2017, NSW had restrictive policies relating to the availability of silicone liner for people with lower limb amputations, which would result in decreased use and therefore decreased average prices within the NSW data compared to other states, where the technology is readily supported. Further to this, all state funding schemes have ceiling limits (capped pricing for services) and tender arrangements that affect hourly rates of pay. These differing principles produce highly variable data that is not reflective of the true cost of orthotic/prosthetic services and cannot be extrapolated for the development of benchmark prices within the NDIS. Therefore, historical data from state schemes and insurance bodies is inaccurate and is unsuitable for application to NDIS benchmarks.

The mismatch between benchmark prices and actual package costs in the area of orthotic/prosthetic supports is due to the inability to obtain relevant, accurate and powerful data from the currently available



sources. AOPA is working with the NDIA to develop a methodology to calculate accurate benchmark package costs where possible, for the full range of supports provided by orthotist/prosthetists. This work will enable the NDIA to establish benchmark packages, reconcile benchmarks with actual costs in the future, increase the accuracy of cost projections and reduce administrative costs. The seamless processing of applications for supports will similarly produce administrative savings for orthotist/prosthetists and is likely to drive costs of service provision down. AOPA, as the peak professional body for the profession and with a membership accounting for more than 75% of the profession, is ideally placed to facilitate this benchmarking work in collaboration with the NDIA Assistive Technology Sector Team.

AOPA recommends the NDIA seek support from the sector for the development of accurate benchmarking packages where there are unique challenges, such as those within orthotic/prosthetic services.

3. Scheme Boundaries

- *'Is the current split between the services agreed to be provided by the NDIS and those provided by mainstream services efficient and sufficiently clear? If not, how can arrangements be improved?'*
- *'Is there any evidence of cost-shifting, duplication of services or service gaps between the NDIS and mainstream services or scope creep in relation to services provided within the NDIS? If so, how should these be resolved?'*
- *'How has the interface between the NDIS and mainstream services been working? Can the way the NDIS interacts with mainstream services be improved?'*

In the area of orthotic/prosthetic supports there are 2 main scheme boundaries that result in inefficiencies and confusion amongst practitioners, participants and the Agency, being the health/disability interface and the intersection with state equipment funding schemes. The health/disability interface is becoming increasingly clear and appears to be a transitional rather than structural issue, however the arrangements with state equipment schemes are often unclear, impose administrative challenges for practitioners and result in the duplication of services and unnecessary expenses for the Scheme.

The NDIS has used the expertise of the relevant state equipment schemes (e.g. the State-Wide Equipment Program in Victoria and Enable NSW in New South Wales) to support some of the credentialing and administrative requirements for the funding of orthotic/prosthetic services. Utilising these existing processes has resulted in an additional 13% administrative 'service fee' for each support/service that is assessed by the state agency. This represents a substantial cost for the NDIS, and it is unclear why an administrative cost 'cap' has not been placed on this administrative service. For example, where the state agency assesses an application against a plan for an orthosis costed at \$1,000, the state fund is paid a \$130 administrative fee



and the total cost to the NDIA is \$1,130. In the case where the state agency assesses and application for a prosthesis costed at \$80,000, the state fund is paid a \$10,400 administrative fee and the total cost to the NDIA is \$90,400. However, in the case of the high cost item, the administration fee does not cover all of the administration requirements. As this item falls outside of a benchmark price, it is unable to be seamlessly approved by the state agency and the NDIA is still be required to review and provide approval through its own advisory process. This arrangement has left the NDIA open to unbudgeted administrative costs associated with high cost items and represents a duplication of processes.

The arrangements with state equipment schemes have enabled the NDIA to utilise the expertise of state-based funding schemes to assess both providers and services. However, AOPA expects that these arrangements are resulting in additional and unnecessary costs for the NDIS due to a duplication of administrative services. Further to this, there is increasing duplication in credentialing between state schemes, AOPA and the NDIS, but with varying standards being applied.

AOPA recommends the Productivity Commission examines the arrangements between state funding schemes and the NDIS, including the cost for administration of support applications and credentialing of practitioners.

4. Planning Processes

- *'Is the planning process valid, cost effective, reliable, clear and accessible? If not, how could it be improved?'*

The planning process is often impaired due to a lack of information available to planners to effectively develop and implement a plan. In these instances, a plan must be redeveloped or reviewed, indicating that the planning process may be unreliable and inaccessible for participants. Additionally, the review of plans leads to additional administrative costs. A common example of this involves a planner including funds for a 'prosthetic device' in a plan, but failing to include the necessary assessment, consultation and ongoing training that is required to successfully support a participant requiring a prosthesis. Examples like this demonstrate a discrepancy between the initial plan and the actual services needed to meet a participant's goals. This likely leads to increased costs, as incomplete plans require extensive review. However, it is unreasonable to expect planners to understand the multitude of complex areas of disability services.

The planning process could be improved through the implementation of Planner Exemplars. Exemplars and templates would assist planners to consider the full range of services that a participant with a specific presentation and/or goals may require. The inclusion of prompt questions would also assist planners to explore participant needs more broadly. For additional streamlining, these Exemplars should be linked to the Benchmark Packages to enable Planners to easily allocate prices into the plans against the supports that have been deemed necessary.



Planning costs and streamlining of the process would also be achieved through specified education programs in areas of complexity, such as orthotic/prosthetic services. AOPA supports a process whereby professional bodies engage with planners, on behalf of professionals and participants, to provide education and appropriate templates for consideration. This process would ensure that participant plans are appropriate in the first instance, reducing costs and ensuring participants are supported appropriately. For example, AOPA could facilitate the development of a typical plan template for a participant that requires a transfemoral prosthesis. Such a template would include all the necessary services and inclusions. This would reduce incorrect plan development and improve planning efficiency and accessibility.

AOPA recommends that Exemplars are developed to support Planners in the planning process where complex and specialised supports are required.

AOPA recommends the study investigate the potential for planning efficiency through collaboration with professional bodies.

5. Market Readiness

- *'What factors affect the supply and demand for disability care and support workers, including allied health professionals?'*

The orthotist/prosthetist workforce is incrementally increasing, however a poor geographical dispersion of providers may affect supply of services in some areas, including metropolitan, regional and rural/remote regions. The factors affecting the supply of orthotist/prosthetists are complex and multi-factorial, but includes training pipeline issues, tertiary training locations, business establishment costs and the policies of the current funding environment, such as state equipment schemes. The most recent analysis of the orthotist/prosthetist workforce in Australia was published by AOPA in 2015 (Ridgewell, et al, 2015) and a suite of state-based analyses are also available (<http://www.aopa.org.au/publications/australian-workforce-analysis>)

- *'What are the barriers to entry for new providers, how significant are they, and what can be done about them?'*
- *'What is the capacity of providers to move to the full scheme? Does provider readiness and the quality of services vary across disabilities, jurisdictions, areas, participant age and types/range of supports?'*
- *'What are the best mechanisms for supplying thin markets, particularly rural/ remote areas and scheme participants with costly, complex, specialised or high intensity needs?'*

Our assessment is that existing providers across disabilities, jurisdictions, age ranges and type of supports are ready to move to the full scheme, however the ability of existing providers to meet to meet the future



service needs is questioned. The orthotist/prosthetist workforce requires growth stimulation in specified areas to meet participant needs, but also to achieve market competition.

An insufficient number of private services is likely to prevent an efficient market-based system from operating in affected areas. The administrative and technical supports requirements to provide an efficient orthotic/prosthetic service are high and therefore represent a substantial barrier to the establishment of small private practices. This is due to the complex process of orthosis and prosthesis manufacture. Adoption of new technologies, such as scanning, 3D printing and central fabrication services, has the potential to reduce this barrier and aid the establishment of new services.

Currently, orthotic and prosthetic services derive only a small component of income from the provision of services to NDIS participants. Whilst this is expected to shift as full scheme roll-out occurs, service providers in the meantime will continue to provide services that are either funded through state equipment schemes or paid for personally by clients. This continues to limit growth potential for the profession with many state equipment schemes tendering services and establishing price capping that creates business sustainability challenges. The restrictive processes and policies of some schemes, coupled with the high administrative burden associated with funding applications, such as unfunded clinical assessments and development of quotations and clinical justifications, restricts the likelihood of practitioners seeking to establish a small private practice. Whilst it is expected that the NDIS will correct some of these business challenges, it is suggested that the study considers these external barriers which continue to have a large amount of influence.

AOPA encourages the study to consider the ongoing influence of state equipment scheme policies and processes on market growth and the entry of new providers.

- *‘How well-equipped are NDIS-eligible individuals (and their families and carers) to understand and interact with the scheme, negotiate plans, and find and negotiate supports with providers?’*

It is proposed that further work is required to equip NDIS-eligible individuals with the tools and skills required to interact with the scheme. Participants must firstly be equipped to find suitable providers and then work collaboratively to meet their needs. Therefore, an appropriate tool must be developed to enable participants to find and then select a suitable provider. Further to this, a mechanism of providing feedback and rating providers will enable participants to support the decision making process of others and facilitate a market based system. Such a tool must be robust, validated and provide an opportunity to improve service delivery amongst the profession. A rudimentary, ratings based system will not be suitable to achieve these goals.



AOPA has been investigating methods in which consumer choice and decision making can be supported and service improvement and competitiveness promoted within the profession. We have proposed the implementation of a National O&P Service Improvement Program, including the use of a robust patient satisfaction measurement instrument, that will support consumer choice and drive positive change amongst providers. As a part of this program, AOPA is proposing to develop and support the use of an online satisfaction instrument by orthotic/prosthetic service providers. This tool would enable participants to appropriately provide feedback and assess providers. It is intended that this would drive quality improvement services and promote competitiveness in the industry. In the future, we are committed to conducting research using the data across numerous service providers to establish a national satisfaction benchmark.

AOPA proposes the National O&P Service Improvement Program, a unique program that will measure consumer satisfaction, support consumer choice and drive improvement.

AOPA recommends that the study investigates innovative methods of supporting consumer decision making.