

SUBMISSION TO:
PRODUCTIVITY COMMISSION REVIEW
NATIONAL DISABILITY INSURANCE SCHEME (NDIS) COSTS

MARKET FAILURE IN RURAL AND REMOTE AREAS

By

Lois O'Callaghan

Chief Executive Officer

MALLEE TRACK HEALTH & COMMUNITY SERVICE (MTHCS)

(PO Box 130)

OUYEN VIC 3490

March 2017

Summary

The NDIS is designed to benefit all Australians based on the application of market and insurance principles to ensure the best possible outcomes for people with a profound or severe permanent disability.

Thin markets where insufficient demand and high cost of supply result in market failure has been identified as an issue in rural and remote areas (Issues Paper: p25). Multipurpose Services (MPS) are currently used in the Aged Care Sector to address market failure in rural and remote areas. The model is based on the principle that communities are able to pool funds from previously separate Commonwealth and State aged care and health programs to provide a more flexible, co-ordinated and cost effective framework for service provision.

This submission suggests use of the MPS model to overcome potential market failure with the NDIS where there are thin markets in rural and remote areas.

About Mallee Track Health & Community Service (MTHCS)

MTHCS is a MPS which delivers a range of health, education and wellbeing services to the communities of the Mallee Track. MTHCS is located in the North West of Victoria and services the communities of Ouyen, Underbool, Murrayville, Sea Lake and surrounding districts. We service a geographical area of 18,000 square kilometres with a population of approximately 4,500 people.

This how the MPS model works at MTHCS

- The Commonwealth provides a flexible care subsidy for 50 flexible high care places, 35 flexible low care places and 5 flexible community care places determined in accordance with the Health Services Act 1998, the Approved Provider's eligibility for Flexible Care Subsidy for the Sites under section 50-1 of the Act and Calculated in accordance the method specified under section 52-1 of the Act (Commonwealth's Contribution). The Commonwealth's Contribution will be pooled with the State's Contribution in accordance with 15.20 (2) of the Principles to provide a mix of health care services which reflect the needs of the Mallee Track community and the Sea Lake/Buloke Shire (North) communities.
- The State's contribution is per annum and is broken down into program areas such as Acute Health, Aged Care, Home and Community Care (HACC) and Primary Health. A scope of services is identified within the funding agreement – but the funds are pooled to enable the MPS (Community) to determine the best service mix to deliver the range of aged care, health and community services they need, but which are unable to be sustained separately. The service types within the current model include Population health, Allied Health (physiotherapy, Podiatry, Occupational therapy), mental health support, Community development, Youth support, social support programs and HACC services such as District Nursing, Home care, personal care, delivered meals, Planned Activity Groups, home based respite and volunteer coordination.

- The money pooled between state and commonwealth is provided to MTHCS as the local community controlled Multi-Purpose Service body. MTHCS then allocates those funds according to community needs to meet aged care and health needs. The funding provided is based on the amount standard programs would allocate to a community. This tripartite agreement demands compliance with a range of reporting and accountability reporting measures to ensure appropriate allocation and acquittal of pooled funds. MTHCS, as an MPS, is also subject to industry standard quality and financial reporting requirements.

Robust governance arrangements

In Victoria, MPS' are legislated in the Health Act 1988. (21) This allows for a rigorous examination of the MPS by the relevant state and commonwealth agencies. The MPS, becomes a linked up government hub located in the nominated catchment – 'in place'. The governance model requires appointment to the local board through the relevant health minister and compliance relevant to funding and quality systems.

How the current disability system works in our area practically

Current block funded disability services are generally administered by agencies located in the adjoining provincial centres of Mildura, Swan Hill and Bendigo. Mildura is 100km from Ouyen and 210km from Murrayville. Swan Hill is 70km from Sea Lake. Bendigo is 210km from Sea Lake, and 315km from Ouyen.

Consumers report that they often have difficulty accessing services based in Mildura, Swan Hill or Bendigo due to the distance and lack of suitable public transport. Where services are provided in the home a round trip of say 200km from Mildura to Ouyen is required. This considerably reduces the value of the of the disability services to the consumer, as the return travelling time of more than 2 hours from Mildura to Ouyen needs to be funded from the consumer's allocation. In other cases where the support is provided in the larger provincial town a common response is for the consumer to be unable to access the services offered.

Implications for the NDIS

Given the thin market with low client numbers and long travelling distances, market theory suggests Disability Providers will offer more and cheaper services to consumers located close to the larger provincial towns of Mildura, Swan Hill and Bendigo. Providers may even decline to offer services in the outlying areas due to the low volume of consumers and the extra costs associated with these consumers. This is supported by the lived experience of our consumers.

The MPS model which is used in the Aged Care sector provides a solution to the issues of thin markets. It is not a market based solution, but by pooling of funding it is a tested method of mitigating market failure.

Special attention will need to be paid to preserve the person-centred care model which is a fundamental feature of the NDIS. The governance structure of a local Board of Management in small communities will support this. Some additional checks and balances may need to be put in place to ensure the person-centred approach is maintained. Professionally qualified locally based advocates will need to be available to support consumers, if the consumers or their carers want the support. Suitable qualifications would be at the degree level and include Social Work and Occupational Therapy. The National Disability Insurance Agency (NDIA) will need to maintain an active supervision of pricing to ensure value for more.

Recommendation

It is recommended that the MPS model be trialled as a solution to market failure where there are thin markets in rural and remote areas. MTHCS would be prepared to be a trial site.