

Response to
Position Paper,
June 2017

July
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Allianz Response: Productivity Commission Inquiry into NDIS Costs

To the Productivity Commission,

RE: Australian Government – Productivity Commission’s Report, National Disability Insurance Scheme (NDIS) Costs: Productivity Commission Position Paper (June 2017)

Thank you for the opportunity to provide comment on the position paper on the review of costs of the National Disability Insurance Scheme. We have reviewed the position paper and wish to provide comment around the below points raised:

- Draft Finding 2.4
- Information Request 4.1
- Information Request 4.2
- Draft Finding 5.1
- Draft Finding 6.1
- Information Request 6.1
- Information Request 6.2
- Draft Recommendation 7.1
- Information Request 8.2
- Draft Recommendation 9.4
- Draft Recommendation 9.5
- Information Request 9.1

As the Productivity Commission notes in the key points (p.2 of the ‘Overview & Recommendations’) of the position paper, for the scheme to achieve its objectives, amendments must be made to the service delivery model. The National Disability Insurance Agency (NDIA) must find a better balance between participant intake and outcomes, the quality of plans and, crucially, financial stability. The planning process needs to be improved in order to create a more sustainable scheme with better outcomes. We acknowledge that the NDIA is trying to achieve a person-centric model, but in order to realise this we must look at the key touchpoints for participants in the scheme. As the Local Area Coordinator (LAC) role

is both the initial and primary touchpoint in the process, it is imperative that the LACs are empowered to help guide participants through their transition to the NDIS in a sustainable and mutually beneficial manner. To achieve these objectives, we have responded to key recommendations and information requests in the position paper and summarise our feedback as follows:

- In order to achieve a person-centric model, the scheme needs to be flexible in responding to the needs of the participant and the boundaries set by the NDIA;
- LACs need greater input in the preplanning process, with greater engagement between participants and the LAC;
- Greater flexibility with the scheme is required, particularly with regards to the amendment of plans through minor changes without triggering a full plan review;
- A particular diagnosis is not necessarily the best indicator of the support an individual requires, the level of disability the individual experiences may better reflect the level of support required;
- More consideration should be given to various biopsychosocial factors. These should be taken into account when considering the 'reasonable and necessary' supports for participants;
- Greater clarity and transparency is required when communicating with participants in order to empower them to exercise choice and control over their plans;
- Cross-governmental collaboration and a sophisticated provider framework are required in order to address the gaps in the existing service model that have arisen as a result of thin markets; and
- The NDIS needs to be flexible and receptive to scheme conditions by providing more accessible options for providers with specialist knowledge to enter the scheme.

THE ROLE OF THE LAC

Delegating plan approval functions to the LAC ultimately allows a person-centred and holistic approach. LACs have a unique avenue in which to provide transparent and open communication around what is available at the start of the planning phase and thus provide a channel for more meaningful and outcome-driven conversations. However, the risks associated with delegating plan approvals to LACs, although limited, should not be overlooked. There is a risk that this direction will possibly lead to an increase in plans being approved (and thus a larger than expected workload) and potentially incorrect or erroneous decisions being made in the process. To mitigate these risks, quality control audits could be conducted by the NDIA and plan approval levels should be closely monitored through data analysis. To address the risk of costs exceeding predictions or actuarial analysis, a standard review of LAC practices could potentially be undertaken to ensure that plan approvals are appropriate. Also, by streamlining plans and taking into account specialist advice, the risks surrounding incorrect decisions should be reduced. Such measures would serve to minimise the risks associated with a more active role being provided to the LACs.

The benefits associated with the NDIA delegating plan approval functions to LACs would be the ability to manage and set participant expectations from the very beginning. A recurring issue in the position paper was the inconsistency in supports offered to participants. The involvement of LACs with an in-depth knowledge of both the participant and their local area will go a long way to address this problem. This emphasis on Early Contact¹, which is a major focus of Allianz's operations within our management of workers compensation schemes, provides an avenue to not only synchronise plan expectations with the NDIA, but also facilitate other options and linkages to mainstream and community supports. This is crucial in not only maintaining the sustainability of the scheme, but also in making sure that participants are provided with in-kind services in areas where those supports are not available via the NDIS. Ultimately, LACs need to be empowered to facilitate conversations and make decisions that benefit participants during the planning process.

By implementing a process that permits minor amendments or adjustments to be made to plans without triggering a full plan review, the scheme will be able to ensure efficiency and its own sustainability. We believe this is crucial in ensuring the appropriate allocation of resources as participants will not be tied to supports that do not meet their needs. To further this, our experience is that a person-centric approach needs flexibility and the ability to be responsive to changes in circumstances in order to be successful. Allowing minor changes would ultimately provide outcomes that benefit both the financial sustainability of the scheme and also the needs of participants. To ensure only minor changes or amendments are being implemented, the NDIA could implement a limit on funding changes without triggering a whole plan review. For example, a percentage range or dollar amount could be approved for LACs to personally implement minor plan changes without triggering an overall review of those specific plans. As discussions are already in place between the LAC and the participant, LACs are already adequately equipped to appropriately document any changes and evaluations of plans.

SUPPORT FOR THE LAC

To assist the NDIA address the issues currently affecting LACs, we recommend the adoption of a specific insurance approach to meet the needs of participants. We believe there are similarities between the roles of LACs and that of Case Managers within a workers compensation environment. Case management involves considerable planning and coordination of multiple stakeholders to gain outcomes for the person at the centre - in this case the participant. In relation to the management of Government workers compensation schemes, the interpersonal skills and empathy that our case managers possess is imperative to supporting the injured worker on their journey to recovery. In a similar manner, LACs also require strong interpersonal skills to complement a comprehensive knowledge of suitable supports for

¹ In workers compensation, Early Contact relates to the initial engagement between an injured worker, their employer and doctor. The focus is then on the development of a case management strategy through aligning the completion of early contact activities.

participants in order to empathetically support the development and implementation of participant plans.

The role of LAC planners should be to work in conjunction with medical health professionals who comprehend the unique needs of the participants and operate in a collaborative manner to make sure participants are provided with the necessary and appropriate supports. Within our own procedures, Allianz utilises Injury Management Specialists that have expertise in specific injury/diagnosis and are available to Case Managers for complex cases. This strategy may be a more appropriate and sustainable model for the NDIA in the facilitation of LAC services, so that there is an avenue for complex issues to be referred to a Specialist without requiring all LAC planners to have medical or allied health training and certification. From our experience in the field of injury and disability management, it is more appropriate for LACs to have the appropriate skills in empathy, listening, problem-solving and understanding, with Specialists available to provide medical guidance and expertise when required. We are also concerned that if LACs are encouraged to provide medical advice, this poses a significant risk to both the sustainability and reputation of the NDIA. Ultimately, such direction is best left to the participant's medical team and key Specialists.

PARTICIPANT MANAGEMENT

The NDIA was not prepared for a greater than anticipated number of participants within the scheme and this has affected the quality of plans. Coupled with the ambitious timetable for the rollout, there is ongoing risk to the success and financial stability of the scheme with compromised plan qualities, workforce planning gaps and further pressure placed on structural elements of the scheme. Implementing a slowdown would provide time for the NDIA to assess the execution of the scheme by addressing current planning and system concerns. However, a slowdown would also impact those reliant on the scheme's timeframes through changes to both funding arrangements and the availability of disability services. With this in mind, Allianz recommends a strategic approach to management of the NDIS to ensure minimal impact to those reliant on the scheme, with the NDIA applying insurance practices and triage techniques to identify and prioritise high risk and complex needs participants. This approach looks to add value to two core elements of the scheme's existing framework through consideration of:

1. Disabilities and triaging; and
2. Empowering participants.

1. DISABILITIES AND TRIAGING

Concerns have been raised regarding the clarity of the definition for 'reasonable and necessary' supports and whether the provision or communication of guidelines and criteria would improve the planning process. However, we suggest that this issue stems from the planning processes itself rather than for a lack of criteria for 'reasonable and necessary' supports. For example, if the appropriate planning process has not been undertaken, the criteria will not be able to be applied appropriately. The likely result is that

the participant may not have the opportunity to develop suitable goals to strive for and, therefore, 'reasonable and necessary' supports will not be attainable, which will impact the financial sustainability of the scheme through the inefficient allocation of funding and draw focus away from a person-centric model by not meeting the needs of participants.

As highlighted earlier, empowering LACs to make informed decisions on what constitutes reasonable and necessary support is an important consideration to improve the planning process for the scheme. While general guidelines can be completed for each type of disability, the effect a particular disability has on a participant's life is dependent on their individual circumstances. In personal injury case management, we recognise that the biopsychosocial factors of an individual influence their recovery and responsiveness to treatments, and therefore these factors are also taken into account when we manage a claim, rather than basing supports solely on the nature or type of the injury. Likewise, for the NDIS, it is unsuitable and counterproductive to determine supports based purely on disability type. Although we see value in guidelines to support the planning process, these should remain flexible in order to adapt to the individual needs of the participant and evolve as the market develops, and more appropriate supports become available.

Allianz sees value in the management of specific disabilities by specialist teams. The personal injury sector manages this through expertise in triage processes which allow reasonable consideration for the allocation of resources and treatment for an injured claimant. For example, within personal injury claims, insurers may have a team to fast track the management of low touch, minor injuries or a specialist psychological team to streamline the management of resources in an efficient and effective manner. In prioritising the roll out of the scheme, the NDIA should consider the implementation of triage practices to ensure that the participants with urgent and complex needs are accurately and effectively catered for. This is particularly important for individuals who are reliant on the existing scheme roll out and timeframes for support, as raised by the Australian Federation of Disability Organisations².

With proper application of triage, the NDIA will benefit from effective resource allocation which will minimise the impact of a slow-down in the roll out of the scheme by ensuring that time is still dedicated to providing quality plans to participants within the scheme. However, how disabilities are triaged must be reviewed. For example, who would manage the participant if they have both a physical and intellectual disability? From our experience in triage, we identify that the scheme would benefit from engaging service providers to leverage their specialist expertise in disability management in order to generate an accurate assessment for the triage process. To further this, we recommend leveraging specialist knowledge and existing expertise of providers within the care industry at a local level. For example, utilising the skills of

² For many people with disability, the wait has already been too long. For people who have had little or no support for many years, the NDIS cannot come quickly enough. Slowing down the roll out is therefore not an option. (sub. 180, p. 8)

occupational therapists for home assessments and treating practitioners for other information. Planners should consider including providers who are currently involved in care or potentially involved in care in the conversation when completing plans for participants.

2. EMPOWERING PARTICIPANTS

In developing a person-centric model, the participant must feel empowered to exercise choice and control over their plans. In order to achieve this, participants must have clear understanding of both what is offered under the scheme and their rights as participants within the scheme. The NDIA has acknowledged the importance of improving the transparency, clarity and adequacy of information it provides about reviews. The NDIA must also recognise that the planning process must be tailored to the needs and capability of the participant. For example, Allianz recognises that people with a mental impairment require additional support when engaging in the recovery process. Our policies and structures ensure that we remain transparent and responsive by engaging in activities and discussions that are within their level of comprehension. For many participants, plan meetings via teleconference do not provide enough context to establish quality plans. Through implementing a triage process on disabilities as discussed earlier, an assessment of participants can determine the most appropriate forum for plan meetings to occur. Although this may require greater upfront investment, the scheme will benefit financially through efficient allocation of funding and reduced time spent on the development of ineffective plans and by extension on unexpected plan reviews, and reviews of decisions at the request of unsatisfied participants.

To further this, as articulated by Down Syndrome Australia³ and Dare⁴, there is confusion across the board regarding clarity around roles and responsibilities and the depth of understanding of rights by participants. In building a person-centric model, the NDIA must consider whether information regarding the scheme is being conveyed in the right format and correctly targeted to the right audience. This is particularly relevant for the articulation of options available to participants, as participants cannot be empowered to take control without a comprehensive understanding of their choices.

As it presently stands, general assistance to implement and manage a plan is currently available to all NDIS participants, including via LACs, the ILC program and external plan managers. For those participants who require a higher than usual level of assistance to fully realise their plan and maximise their choice and control, allowing for additional supports to be funded by NDIS and provided by a DSO or intermediary would be a valuable addition to their support plan to enable them to exercise choice (as

³ Down Syndrome Australia (sub. 121, p. 15) said that 'it appears that people are not well enough informed about their rights to ask for an internal review within the timeframe'.

⁴ "DARE's understanding of the role initially envisaged for the LACs, namely frontline problem solving and assistance with plan implementation, appeared to change shortly before transition to planning and the Coordination of Supports for non-complex participants, surely a foreseeable gap in NDIS planning resources." (sub. 182, p. 7)

identified by COAG Disability Reform Council⁵). To counter this, capable participants should be encouraged to self-manage their plan with support and guidance from the ILC, the LAC and any informal peer or community support networks. Such strategies would further allow the NDIA to dedicate resources as and where required to provide the most efficient outcomes for the scheme. It would also provide participants with the most appropriate level of support to help them exercise control over their options.

ADDRESSING THIN MARKETS

As the position paper notes, the issues surrounding thin markets is compounded by the Agency's market stewardship role. Any measures that can alleviate the pressure on LACs, while still meeting the needs of participants and helping the NDIS achieve its milestone rollout targets, should be seriously considered so that LACs can focus on delivering quality plans and outcomes for participants.

The NDIA should consider ongoing cross-government collaboration to maintain the integrity of the scheme. The utilisation of locally-based workers and education for the community on the interface between health services and disability supports (particularly in regards to rural, remote and Indigenous communities) can only be achieved through cross-government collaboration. A person-centric model of care and support for participants within the scheme needs to leverage insights from existing supports and services in order to achieve sustainable outcomes. LACs are uniquely positioned to be participants' conduit 'on the ground' between Government services and the community and are therefore able to facilitate cross-government collaboration where market-based initiatives in that community are not adequately meeting the unique needs of participants.

Dialogue and cooperation between the various tiers of government should not only be encouraged, but actively embraced as a key measure in addressing the issue of thin markets. The insurance industry can attest to the positive impact that comes when states, territories and the Commonwealth Government address issues in a constructive and collaborative manner. For example, Allianz has utilised our knowledge in managing state-based workers compensation schemes in both NSW and Victoria to leverage our expertise in the management of our successful Comcare pilot on behalf of the Commonwealth Government.

Insurers who work closely with government also have a well-founded appreciation of the competing priorities facing governments to deliver services to the public in tight timeframes and in a cost-effective and efficient manner. It is for this reason that we support the leveraging of established community organisations wherever it is deemed thin markets are persisting. However, it should be noted that the

5 ... many people with disability will not have had the opportunity to exercise choice. Some people with disability may require additional support to effectively exercise informed choice, especially those with high and complex needs. (2015a, pp. 14-15)

private sector, when a mediator steps in (such as an independent price monitor), can adequately resolve the majority of issues surrounding thin markets. By LACs adhering to the ethos of insurance principles and identifying cost pressures, tracking and monitoring responses, and also working closely with established community organisations, the NDIA should be able to find a balance between addressing participants' needs and maintaining scheme sustainability.

For insurers, partnering with a network of community-based specialist rehabilitation and disability service providers via compulsory third party (CTP) insurance and workers compensation operations, places our industry in a unique position to help stem the flow of providers and planners leaving the scheme and forge a sustainable platform upon which the NDIS can successfully function. We believe a measure of localised engagement should be adopted when attempting to leverage established community organisations, especially in obtaining aids and equipment (please refer to p. 227). A recent example of this can be noted in Allianz's NT operations via TIO, where our market-driven approach to the purchase of prosthetics for claimants markedly decreased the prices as competition and price negotiations were introduced to a previously monopolised market. Through Agents acting on behalf of recipients, we effectively competed to provide the best deal for the Government, and most importantly for those needing such supports. These measures are conducive to addressing the issue of thin markets whilst meeting the scheme's need for financial sustainability.

In line with the insurance approach of identifying risks early and putting in place management responses, it is clear from the position paper that many LACs are falling behind on key objectives, with the issue of thin markets playing a pivotal role in this shortfall. However, we believe that insurers offer a sustainable model to help alleviate the unique pressures LACs currently face, with a continuing dependence on other mainstream providers being paramount. Within Allianz's management of TIO, our utilisation of Mobile Case Managers in regional and remote areas such as Katherine and Alice Springs in the NT, and our workers compensation and Motor Accident Commission (MAC) teams, Allianz has been able to establish strong relationships with organisations such as the North Australian Aboriginal Justice Agency (NAAJA) and the Central Australian Aboriginal Aid Service (CAALAS). These partnerships have enabled us to better work with and support Indigenous communities so that those needing medical treatment and other assistance are able to receive the necessary care and support.

We understand that the objective of the LACs and the NDIS as a whole are to enable people with disability to thrive through community, economic and social participation. If any of the measures put forth can help achieve this goal of creating a more inclusive and accessible environment for people with disability, we stand in support and ready to assist. However, it must be stressed that a holistic, collaborative and open-minded approach through cross government collaboration, community linkages and guided competitive forces is what is needed to truly meet the needs of participants in thin markets.