23 March 2017

NDIS Prod Commission Cost review Feb 2017

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Summary

Assessing whether or not the NDIS is financially sustainable involves examining a number of aspects of the scheme. These include:

- trends in costs and whether there are cost pressures emerging
- how the eligibility criteria and the scope of supports funded through the scheme affect costs
- how planning and assessment processes affect the quantum and quality of supports participants receive
- market responses to the NDIS, especially as the sector expands to meet the increased demand from the scheme rollout
- governance and administrative arrangements of the NDIS
- how the NDIS is paid for

My issue under financial sustainability is not about the costs but about the planned additional income from:-

> More carers being paid as carers or from earnings from developing careers in other areas, allowing tax to be collected
>
> More PWD eligible participants getting paid work whilst personal care/transport to and from home for work or in tertiary education is paid by NDIS, allowing individuals to pay tax

General Recommendation 1

The proposed report breaks NDIA groups cost drivers into five high-level categories, it needs to:-

1. Include a review of NDIA employment services costs and success in plans under *scope*

2. Add a sixth cost driver called outcomes, where the costs are opposite i.e. from extra income from tracked delivery of measures which reflect the increased tax take by the government from both carers paying tax and PWD who receive income from new work and pay tax

General Recommendation 2

1. Establish tracking indicators to measure and report on progress on the above areas.

Specific recommendation 1

1. Review costs of employment services e.g. career guidance, as measure of how much career guidance service has been offered. As trial project in Barwon 2015-2016 indicated provision of CG services was beneficial to eligible participants who were interested in work.

Specific recommendation 2

2. Review costs for eligible participants who acquired disability during working age. Subdivide between those who acquired through a work injury or a non- work injury. This will help planning for NIIS, and allow costs for each category to be identified, as systems to get back to work have different levels of support from the insurance industry.

Part 2 - Detailed comments for Special recommendation 1 and 2

Specfic Recommendation 1 Details: Re PWD Employment and Career Guidance services

Approximately 9% of current plans indicate interest in work, apparently, 7% are responded to by finding opportunity in ADE (as now under NDIS), and leaving 2% offered something else. The "something else" needs analyzing.

In Barwon trial, 2015-2016 a career guidance (CG) test was completed which showed CG for eligible participants was successful both in improving confidence and understanding of a possible career path, which improves chances of finding work – paid or not – voluntary, part-time or full-time.

An issue highlighted during the trial was that some eligible NDIS participants were also eligible for DES, funded by DSS (Disability Employment). As NDIS did not want to fund supports which should be funded by other departments, they would not fund CG for DES eligible participants. This is fine, if DES offered or had qualified Career counselors in there ranks of Employment consultants, who meet NDIA CG provider requirements, but they do not.

So CG should be provided for any eligible NDIS participant who is interested in a job/career.

1. Provision of Career Guidance service in plan. Investigate how many plans include funding for this service and track number as ratio of completed plans, if possible it should of those completed plans of those who express interest in work.

2. Similarly track how many plans include funding for ADE's and as ratio of completed plans, if possible it should be of those completed plans of those who express interest in work.

Special Recommendation 2 Details

NDIS and DSP costs would be reduced if PWD who acquire disability in working age can be helped to stay in work or RTW. NDIA and DSS need to know more about these people. Primarily, whether acquired disability through work injury or not, as the support system to help RTW for each is different, and of different success rates.

Currently, on an aggregated basis, ABS data indicates that 30% of PWD (4 MILL) so approx. 1.2 million acquired their disability during working age (15 -65 years old). Or 30% of the annual number who are borne or acquire a disability per year - how many?

Equally, we don't appear to know how many acquire disability between 15-65 years old and the split between work injury or non-work injury.

The reason this figure is important to know is that work injury workers compensation insurance system has a good system in RTW process and supports getting any part-time work, as an important confidence booster towards getting injured workers back into the workforce, and so reducing insurance payouts over time. Whereas for those who acquire disability through a non-work injury e.g. MS ,Parkinson's or stroke, and are required to use income or TPD insurance, are not actively supported in RTW plans or by the insurers back into the workforce. Most of these insurers see any work to mean you are not disabled and therefore can't receive support payments. So the insurers are potentially reducing your likelihood of recovery and getting back to work, which could also reduce the insurer's ongoing payments, as per the workers compensation insurers.

If the Government wants to reduce DSP payments for non work injured people, more focus needs to be applied to incentivize insurers to help this cohort to RTW or even better to Stay at Work (SAW).

PART 3 - Relevant Issues paper questions re my general and specific recommendations

Chapter 1

QUESTIONS

- *Are there any cost drivers not identified above that should be considered in this study? If so:*
  - **Include a review of NDIA employment services costs and success in plans under scope**
  - **Add a sixth cost driver called outcomes, where the costs are opposite ie from extra income from tracked delivery of measures which reflect the increased tax take by the government from both carers paying tax and PWD who receive income from new work and pay tax**

– *how do they impact costs in the short and long term?* **Employment services are a cost, but if more employment results, costs are then reduced, so its almost early intervention**

– *how, and to what extent, can government influence them?* **Govt eg DSS can allow integration of costs between DSP , Employment costs e.g. DES,ADS, Tax paid by eligible participants/Carers**

Chapter 3

QUESTIONS

- *Is the ECEI approach an effective way to ensure that those children with the highest need enter into the NDIS, while still providing appropriate information and referral services to families with children who have lesser needs?*
- *What impact will the ECEI approach have on the number of children entering the scheme and the long-term costs of the NDIS?*
- *Are there other early intervention programs that could reduce long-term scheme costs while still meeting the needs of participants?* **Potentially, NDIS employment services eg Career Guidance services, if it can help lead to some form of paid work.**

QUESTIONS

- *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?* ***Career guidance is presumed to be offered by qualified consultants in DES by NDIS, BUT IS NOT. Either DSS in charge of DES needs to introduce this requirement or NDIS need to accept that DES don't offer career guidance, so NDIA should be happy to pay for NDIS and DES eligible participants , and not only for NDIS eligible and not DES eligible.***
- *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? AS ABOVE for Career Guidance*
- *How has the interface between the NDIS and mainstream services been working? Can the way the NDIS interacts with mainstream services be improved?*

While there is the potential for service gaps to emerge at many points along the intersection between the NDIS and mainstream services, particular concerns have been raised about the interface between the NDIS and mental health services.

As discussed earlier, an important interface between the scheme and mainstream services will be the ILC component of the NDIS. The ILC aims to provide a bridging service linking people with or affected by disability to appropriate services, as well as building the capacity of the community and mainstream services to create greater inclusivity and accessibility of people with disability (NDIA 2015a). ILC will begin to be rolled out in mid-2017 and when fully rolled out will have funding of around $132 million (NDIA 2016f).

Under the ILC, organisations will be able to lodge an expression of interest for funding for a particular activity, which may or may not be funded after a full assessment process. The ILC has five identified focus areas:

- specialist or expert delivery
- cohort-focused delivery
- multi-regional activities
- remote or rural delivery
- delivery by people with disability for people with disability (NDIA 2016c).

Local area coordinators (LACs) also act as an interface between people with disability, the NDIS and mainstream services. The role of LACs include providing information and linkages to mainstream services for all people with disability, and helping NDIS scheme participants develop and implement their plans. LACs are available where the scheme has been rolled out.

QUESTIONS

- *Is the range and type of services proposed to be funded under the ILC program consistent with the goals of the program and the NDIS more generally?*
- *What, if anything, can be done to ensure the ILC and LAC initiatives remain useful and effective bridging tools between services for people with disability?* **Involve LLEN,NDCO and Councils (through metro/rural access officers)working with LAC's**
- *Is the way the NDIS refers people who do not qualify for support under the scheme back to mainstream services effective? If not, how can this be improved*? **Too early to say, NDIS should initiate surveys to find out, as LAC KPIs.**

The intersection with the National Injury Insurance Scheme

In its 2011 report, the Commission also recommended the establishment of a National Injury Insurance Scheme (NIIS) to provide lifetime care and support to people who suffer catastrophic injury from a motor vehicle accident, workplace accident, medical treatment or general accident.

The development of the NIIS has been agreed to by all States and Territories and is proposed to provide fully-funded care and support for all new catastrophic injuries on a no-fault basis.

While a national initiative, the NIIS is proposed to be an amalgam of State and Territory schemes. Progress operationalising the NIIS varies across the States and Territories. Currently no jurisdiction operates NIIS in full as envisaged by the Commission (PC 2011).

Once fully operational, the NIIS is to operate separately to the NDIS and be fully funded through premiums, levies and other contributions. Until the NIIS is fully established, the needs of some individuals who acquire a disability through a catastrophic accident will be met through the NDIS, with cost implications for the scheme. These can be reasonably expected to recede once the NIIS is fully operational.

QUESTIONS

- *How will the NIIS affect the supply and demand for disability care services?* **As anybody who currently has an approved work injury, or road accident, certainly in Victoria is covered under existing insurance, the NIIS will/should be a transfer from the current payer to NIIS national funding paying insurers but through the individual/support group. As with NDIS introduction, the issue will be the shift in service quality acceptance by the individual, as they can move provider. I'm assuming NIIS is not going to cover people who acquire disability through medical condition during working age i.e MS,Parkinsons, or genetic conditions or other conditions which prevent or change their work capability/?**

- *What impact will the full establishment of the NIIS have on the costs of the NDIS?* ***To allow this be known in terms of costs rather service ability,we need to know the annual numbers of work injured v car injured v non work acquired disability figures. Currently, not available though ABS.***
- *Are sufficiently robust safeguards in place to prevent cost shifting between the NIIS and the NDIS?* ***It seems straight forward, if the NIIS eligibility is linked to an accident, whether from a motor vehicle accident, workplace accident, medical treatment or general accident*** **as opposed to a medical conditions or stroke. Presumably, the current debate re the injury being a work injury/accident or not, will still be had, but if classified as not a work injury, then it goes to NDIS, as opposed to currently nowhere except an ISP in Victoria and DSP unless you have income or TPD insurance.**

Chapter 7

7 Paying for the NDIS

Based on this definition, achieving financial sustainability requires continuous monitoring of both participants' outcomes and costs.

As is the case for insurance schemes more generally, in order to achieve financial sustainability, actuarial analysis — ensuring that long-run scheme revenues are aligned with scheme costs — plays an important role in monitoring and managing the financial sustainability of the scheme. This is the purview of the NDIA's Scheme Actuary, in accordance with the standard set by the Board. To provide an external and independent check on this process, the NDIS Act also provides for a Reviewing Actuary (currently the Australian Government Actuary).

An important part of managing risks to the scheme's sustainability is acting early. However, the fact that the Agency is funded on an annual basis may constrain its ability to make the substantial investments necessary to defray costs in the future.

In looking at the costs of the NDIS and the financial sustainability of the scheme, the Commission is mindful that these must be considered in the context of the substantial benefits that the scheme provides — including the welfare of people with disability and their carers, and insurance for the broader population. Many of the benefits are non-monetary and therefore not easily weighed against the costs. But they make a significant difference to the lives of many Australians and their importance should not be understated.

QUESTIONS

- *How should the financial sustainability of the NDIS be defined and measured?* **Measurement of costs through KPI tracking but also measurement of outcome KPI's, as identified/developed in the productivity commissions initial report eg talking about key national income improvements from carer tax payments and increase PWD working and paying tax**.
- *What are the major risks to the scheme's financial sustainability? What insights do the experiences from the trial sites provide on potential risks in the context of financial sustainability? How might the NDIA address these risks?*
- *Does the NDIA's definition of financial sustainability have implications for its management of risk? Are there risks that are beyond the NDIA's remit?*
- *How does the NDIA progress from identifying a risk to managing it through changes in the delivery of the scheme? Are there any barriers to the NDIA doing this effectively?*
- *Are there changes that could be made to improve the NDIA's management of risk? Should more details about the NDIA's risk management practices be publicly available?*
- *Does funding the NDIA on an annual basis affect its management of risk?*
- *Are there other ways the scheme could be modified to achieve efficiency gains and reduce costs?* **Also introduce the word "effectiveness" gains where costs might go up but outcomes may be enhanced by more than cost increases. Move the dialogue from a cost discussion to cost effective outcomes**.
- *What are the likely longer-term impacts of any cost overruns?*
- *How should any cost overruns be funded?*

I hope these comments have been useful