PRODUCTIVITY COMMISSION ISSUES PAPER – NDIS COSTS

Submission from Deafness Forum of Australia

31 March 2017

NATIONAL DISABILITY INSURANCE SCHEME (NDIS) COSTS – PRODUCTIVITY COMMISSION ISSUES PAPER MARCH 2017
SUBMISSION FROM DEAFNESS FORUM OF AUSTRALIA

Contents

ABOUT DEAFNESS FORUM OF AUSTRALIA

Deafness Forum is the peak, national, not for profit organisation that represents one in six Australians who have a hearing issue, a chronic disorder of the ear, are deaf, and the families who support them.

Deafness Forum's objective is to provide timely and actionable advice to Government on strategic policy development and practice reform.

> "*Hearing impairment or deafness is a grossly underestimated public health problem in Australia, causing significant productivity loss to the nation. In addition, there must be a new focus on the prevention of avoidable hearing loss acquired from poor occupational health practices and other exposures to noise.*
>
> *There is a real need for national advocacy. It is Deafness Forum's role to provide informed and realistic advice to the Australian Government and the Opposition, to inform public policy to benefit the one in six Australians it represents."*
>
> *Hon John Howard OM AC, 25th Prime Minister of Australia, patron of Deafness Forum of Australia*

Deafness Forum is a member of Australian Federation of Disability Organisations (AFDO), the peak organisation in the disability sector representing people with disability. AFDO has made a submission to the Productivity Commission inquiry into NDIS costs, which addresses issues of importance to all people with disability. Deafness Forum supports the AFDO submission.

ABOUT THIS SUBMISSION

This submission is from the perspective of Deafness Forum's constituents who are people with a lived experience of the consumer as clients of the Australian Government Hearing Services Community Service Obligations Program, the National Disability Insurance Scheme and the private sector.

KEY COST ISSUES

- Because the Australian Government Hearing Services Community Service Obligations (CSO) Program and the National Disability Insurance Scheme (NDIS) use different funding models, the funding that will transfer from the CSO Program will not match the cost of providing the same services and technology under the NDIS.
- The procurement arrangements for devices need to be considered to avoid a significant increase in device costs when clients transition from the CSO Program to the NDIS. Guidelines will need to be developed to manage access to new technology.
- Implantable technology will, in time, be applicable to a broader population. The cost of implantable devices is significantly more expensive than a hearing aid ($8000 compared with $400[1] per device) which will impact on device costs over time.
- NDIS is likely to need to pay higher fees to providers, or a nominated provider, in order to:
    - maintain services in rural and remote areas
    - maintain a culturally appropriate service delivery model to Aboriginal and Torres Strait Islander people
    - avoid market failure and ensure ongoing access to services
- NDIS should fund interpreter costs to ensure access to services for people from culturally and linguistically diverse backgrounds, otherwise providers will be reluctant to offer services to clients who require interpreters due to the high cost involved.
- A significant proportion of clients change address frequently and many will need to move to a new provider. Clients may change providers if they are dissatisfied, or the provider closes at a particular location. Changing providers will come at a cost to the NDIS as the new provider will need to repeat services that have already been paid for under the client's NDIS plan.
- A streamlined referral pathway is required for children diagnosed with hearing loss under the NDIS so it matches the current arrangements under the CSO Program. Timeliness of service and reducing the risk of loss to follow up will reduce costs.
- The number of children under 3 years of age with hearing loss is small (approximately 1,500 nationally). This number will not increase with the introduction of the NDIS. The set up costs and ongoing costs to provide services to this client group are high, and it requires specialist audiologists to deliver the service. Therefore the number of providers that are likely to enter, or remain, in the market is expected to be quite small. NDIS may need to offer higher fees in order to ensure access to appropriate expertise.
- With the introduction of the NDIS, the provision of audiology services to children will become contestable for the first time. The market is untested. There is no information on whether there is interest in providing services to this population or the locations where services may be provided. This is a significant risk that could affect the outcomes for a generation of children if not well managed. The cost of getting it wrong could be significant for the individual and their family, as well as financially for Government.

[1] Published figure from the Office of Hearing Services Fee Schedule on the fee paid to providers for hearing aids fitted under the Voucher Program. This is the cost to government and not the price that is paid by consumers in the private market.

- There is a risk that NDIS clients may be exposed to sales practices where they are persuaded to buy high cost devices without realising that the recommendation is not so much related to benefit for the client, but more for the benefit of the clinician who is receiving a commission for selling these products. Refer to a March 2017 report by Australian Competition and Consumer Commission.
- The Information Linkages and Capacity Building program (ILC) will be crucial to the Scheme's long term success. Given the breadth of responsibility, the current ILC budget appears to be inadequate by an order of magnitude to meet its program objectives. The National Disability Insurance Agency should be allowed greater flexibility in administering its funds to manage this thinly resourced program.

1. BACKGROUND

Hearing services in Australia are delivered through a range of state and federal programs as well as by the private market. Hearing screening programs, diagnostic hearing assessment services and hearing services funded through Medicare, such as cochlear implantation, will not be affected by the introduction of the NDIS. There are some components of the Australian Government Hearing Services Program that will transfer to the NDIS, and some people who are currently self-funding their hearing services will become eligible for services and supports as NDIS participants.

The Australian Government Hearing Services Program is administered by the Department of Health's Office of Hearing Services. The Hearing Services Program has two components – the Voucher Program and the Community Service Obligations Program. The Voucher Program operates in a contestable environment and delivers services predominantly to people with a Pensioner Concession Card and veterans with non-complex hearing rehabilitation needs. Providers are paid on a fee for service arrangement according to a fee schedule set by the Office of Hearing Services. It is expected that only a small proportion of Voucher Program clients will meet the eligibility requirements for the NDIS (and that those who are not NDIS eligible will continue to receive the level of services currently provided by the Voucher Program).

The Community Service Obligations (CSO) Program provides services and technology to the following client groups:

- Infants, children and young adults up to the age of 26 years
- Adults who are eligible for the Voucher Program and have complex hearing rehabilitation needs
- Aboriginal and Torres Strait Islander people aged over 50 years and participants of Community Development Programs
- People who are eligible for the Voucher Program and live in remote areas of Australia including Norfolk Island
- The CSO Program funds an outreach program for eligible Aboriginal and Torres Strait islander people in urban, rural and remote areas of Australia
- CSO Program funding is also used to provide technology upgrades and replacement speech processors for children with cochlear implants

The CSO Program is delivered by a sole provider, which is the government hearing services provider, Australian Hearing. Australian Hearing receives a fixed annual allocation to deliver the CSO Program. There is no profit margin in the CSO allocation and Australian Hearing has to absorb any cost overruns.

It is expected that some of the client groups in the CSO Program will transition to the NDIS where services will become contestable for the first time.

The full eligibility criteria for the Australian Government Hearing Services Program is included in Attachment A.

2. SCHEME COSTS

The cost drivers outlined in the Issues Paper provide a good summary of the significant short and long term costs associated with the delivery of the NDIS. The Issues Paper also identifies costs where government has direct and indirect control.

There are some areas where costs in relation to the provision of hearing services under the NDIS may not be transparent, and therefore may not be included within the high level cost drivers described in the Issues Paper. These areas are described below.

2.1 Transition of CSO Program funding to the NDIS

Some clients of the Australian Government Hearing Services Program will transition to the NDIS. This will not occur until 2019-2020. At that time it is expected that the funding associated with the delivery of services and technology to clients who were clients of the CSO Program will transfer to the NDIS. As the funding arrangements of the two programs are different, it is expected there will be a cost increase to deliver the same services and technology under the NDIS compared with the CSO Program.

Originally, the funding allocation provided to Australian Hearing for the delivery of the CSO Program was calculated using avoidable cost methodology based on the cost of service delivery prior to the introduction of the Voucher Program in 1997. The funding was rebased in 2007 and again in 2012. While the rebased funding now meets the cost of delivering the service, there is still no profit margin in the CSO funding allocation - Australian Hearing has to absorb any additional costs if it exceeds the allocation for the year.

Australian Hearing is the sole provider of services under the CSO Program, however its main revenue comes from the Voucher Program. The cost of delivering the CSO Program is contained through the use of the infrastructure that Australian Hearing has as a provider under the Voucher Program, and its volume purchasing arrangements through contracts with suppliers. The fixed funding allocation and sole provider status help to drive efficiencies that also help to minimise costs for the CSO Program.

As the NDIS has a different funding arrangement with providers, i.e. fee for service versus block funding with no profit, the funding that will transfer from the CSO Program to the NDIS will not be sufficient to cover the cost of service delivery to those clients who transfer between the two Programs. There will be an initial increase in cost to deliver the same services and technology under the NDIS compared with the CSO Program.

There will be a further increase in cost per client as the scope of the NDIS is broader than the CSO Program and covers services and technology that are not currently included under the CSO Program.

2.2 Services in rural and remote areas

Due to the requirements to deliver services to CSO Program clients across Australia, Australian Hearing maintains permanent hearing clinics and provides a visiting service in locations that are

probably not particularly profitable from a commercial perspective. It is possible that, with the introduction of contestability, Australian Hearing may withdraw from some of these locations if the sites are not financially viable. As Australian Hearing is the only provider in many of these locations, if the organisation decides to close some of these sites it will leave clients without access to a hearing services provider.

The NDIS may need to pay a higher fee to providers to deliver services in rural and remote sites and perhaps look at nominating a service provider for some rural and remote areas to ensure that services remain accessible in these locations.

2.3 Provision of culturally appropriate outreach service for Aboriginal and Torres Strait Islander people

The CSO Program funds an outreach service for eligible Aboriginal and Torres Strait Islander people to deliver a culturally appropriate program in locations where Aboriginal and Torres Strait Islander people are likely to access the services. The service delivery arrangements are designed in consultation with the local community, and other programs and organisations that provide hearing services to the community. It will be critical for a similar model of service delivery to be utilised as part of the NDIS to ensure that Aboriginal and Torres Strait Islander people continue to access hearing services.

It is costly to deliver the outreach program as it relies on the use of a fly in, fly out workforce for many of the sites. It can also require the use of charter flights and four-wheel drive vehicles to access some locations. There may be additional costs to the NDIS if this service delivery model is retained, as it may be necessary to pay providers a higher fee to deliver the outreach program. NDIS may need to nominate specific providers to ensure this particular service delivery model continues to be available.

2.4 Access to expertise

Australian Hearing has been the sole provider of services to hearing impaired children since government funding of hearing services commenced 70 years ago. There has been no need for the private sector to gain expertise, or to set up specialised facilities and equipment, to deliver services to this client group. The NDIS will introduce contestability into an unprepared market that has not been required to deliver hearing rehabilitation services to the paediatric population in the past. There is no information as to whether the private sector is interested or able to provide paediatric services. There is also no information on the locations where these services may be offered. Safeguards are not in place to protect paediatric consumers from inexperienced audiology service providers entering the market. Safeguards are needed to ensure ongoing training and development for specialist audiologists, including working with children with additional disabilities, as well as minimum caseloads of paediatric clients to maintain competency.

With the transfer of some client groups from the CSO Program to the NDIS, Australian Hearing will no longer be obligated to deliver the same services as it has in the past, or to deliver services in the same locations. This could lead to thin markets and require the NDIS to pay higher fees to providers with paediatric skills to ensure that clients, particularly children, continue to have access

to the expertise needed. This will need to be monitored on an ongoing basis as service providers may move into the paediatric market initially, but may withdraw over time if they find it too difficult or unprofitable to continue serving this client group.

2.5 Assistive hearing technology costs

As a large entity, Australian Hearing uses its economies of scale to negotiate competitive prices for a broad range of technology through its contracts with suppliers. This has resulted in CSO Program clients having access to high level technology for a price that is affordable within the fixed funding allocation.

The NDIS provides funding to the participant to access the supports they need. The cost of a device to an individual is likely to be much higher than the cost to a large organisation with a supply contract where price can be negotiated on volume purchases. It is not yet clear how device supply will be managed under the NDIS. The most cost effective system would be for the NDIA and the Office of Hearing Services to jointly negotiate with device suppliers either through a tender process or some other arrangement that would provide price concessions based on volume. Consumers are concerned that the introduction of contestability could result in lower levels of technology being provided under the NDIS compared with what is currently offered through the CSO Program at Australian Hearing. Any reduction in the level of technology is likely to lead to poorer outcomes for children, and adults with complex hearing rehabilitation needs, which would undermine the principles on which the NDIS is based.

2.6 Access to upgraded technology

2.6.1 Cochlear implant speech processor upgrades

Currently, Australian Hearing manages an allocation within the CSO Program budget to allow children with cochlear implants to have access to improved technology when it becomes available. The funding does not extend to adults with cochlear implants who are eligible for services under the CSO Program. Therefore the transfer of funding from the CSO Program in relation to the cochlear implant speech processor upgrade program will not meet the costs of all NDIS participants with a cochlear implant who require upgraded technology. Indeed, if some clients have not been able to afford new technology for some time, there will be a cost spike as these clients upgrade their old devices as soon as they establish their eligibility with the NDIS.

2.6.2 Hearing aid upgrades

While there has been specific funding for children with cochlear implants to receive improved technology, the same arrangement does not apply to hearing aid users who represent approximately 85 percent of the paediatric client base. A device changeover program for hearing aid users must be carefully managed. Generally hearing aids for clients in the CSO Program are replaced every 3-4 years. When new developments in hearing aids become available, there is no separate funding allocation to support the immediate introduction of new technology across the paediatric population. Decisions have to be taken as to how to introduce the technology within the existing CSO budget allocation. However, under the NDIS, participants with hearing aids and cochlear implants, and/or their providers, might reasonably expect that they will be able to access

improved technology when it is released. This will lead to an increase in cost for devices unless some gateways are introduced to limit or control access to new technology.

New technology is constantly entering the market. Clients are usually looking for access to upgraded technology as soon as it becomes available regardless of the age of their existing device, particularly where the marketing information indicates it will provide a clinical benefit. If there is independent research evidence indicating improved clinical outcomes with the new technology then it would be appropriate to introduce it as quickly as possible, but this may need to be managed to balance against the financial impact of a device change-over program. Currently in the CSO Program, the introduction of new technology is evaluated to assess the impact on clinical outcomes, and if it is viewed to provide a significant improvement, then the cost of introducing the new technology is assessed and a decision is taken on whether a phased approach is needed to control costs. Therefore device costs are currently constrained by budget constraints. As these same constraints may not apply to the NDIS there could be a significant increase in device costs over time.

2.6.3 Access to replacement devices

There are times when clients require a new device to replace a device that has been lost or damaged beyond repair. Children in particular can be very hard on devices. Reasons for device replacement cover diverse situations such as, the device being eaten by the family dog, thrown down the toilet, thrown out the car window, lost at the beach or accidently worn when jumping in the swimming pool. NDIS plans need to be able to cope with the immediate replacement of what can be a high cost item. Cochlear implant speech processors in particular are costly compared with hearing aids. A speech processor is priced around $8,000 whereas a hearing aid under the Voucher Program is priced at $400 per device. The cost of replacement devices needs to be included in the overall cost of technology.

2.6.4 Battery and Maintenance costs

Batteries in high powered devices may only last a few days. Clients may use an earmould with their device which needs to be replaced regularly. For infants, new earmoulds can be needed every 4-6 weeks. Clients may also need to access repair services for their devices. NDIS participants will need to have these costs included in their plans. A decision needs to be made as to whether it is more cost effective to purchase an annual maintenance package including batteries, repairs and earmoulds, or to reimburse providers on a fee for service arrangement.

Batteries and other relatively low cost consumables should not be too tightly constrained. If a participant's budget is exceeded, the cost of administration to correct this via a planner and a revised plan would be greater than the cost of allowing more float in the initial NDIS plan budget. It may be more cost effective to pay an annual maintenance fee to the provider to cover these needs for the participant. However that has to be balanced against the cost of duplicating the payment if the participant changes providers.

2.7 Cost of changing providers

NDIS participants have the right to change providers if they are unhappy with their current provider or they move to another location and need to find a new provider closer to where they live. This can be costly to the Scheme as the new provider will need to repeat services that have already been paid for under the client's NDIS plan (especially if the clinical record is not transferred). The new provider will need to undertake its own assessment of the client's needs and goals and may need to change their technology if the fitting is not appropriate, or if they are unable to support the devices fitted by a different provider. If device maintenance and battery supply costs are paid to providers on an annual basis rather than on a fee for service basis, then there is an additional cost to the NDIS of paying the original provider an annual fee and then paying the new provider another annual fee.

2.8 Cost of getting it wrong

It is probably not possible to quantify this cost, but the risks associated with the move of service delivery from the CSO Program to the NDIS is a major concern for families with hearing impaired children. Families are nervous about the introduction of contestability to the delivery of hearing services for children. Currently, there is a very streamlined care pathway from diagnosis to habilitation. The requirements of the NDIS to check eligibility, meet with a planner, decide on goals and supports, and have the plan approved before accessing a service provider could introduce delays, or the person could be lost along the pathway, again introducing a delay that could have a significant impact on the child's outcome.

Also, there are high risks in moving to a market that is untested in the provision of services for children. Currently there are no educational qualifications that would identify people with the expertise to deliver services to hearing impaired infants and children. The client group is very small so it will be difficult for clinicians to retain their skill levels. There is research evidence from the USA that demonstrates that a significant number of hearing impaired children were not fitted optimally when they were seen by a clinician who did not see children regularly. If infants and young children are poorly fitted because their clinician is inexperienced, or the child is not receiving the most appropriate early intervention program, it can take time for that to be recognised and addressed. The time lost can never be regained. This can then impact on the child's educational attainment which can then impact on their employment opportunities. The outcome could be the antithesis of what the NDIS is aiming to achieve. The cost to the economy of children with hearing impairment not reaching their potential as adults, due to delays in the child accessing services quickly, or due to inappropriate audiological and educational service provision, could be significant. It could take a generation for the issues to come to light and be addressed. As the CSO Program does not transition to the NDIS until 2019 there is still time to put appropriate safeguards in place to avoid this situation occurring.

2.9 Cost of unmet need

While the NDIS will ensure that many Deaf and hearing impaired people will, for the first time, have the support they need to reach their potential over their lifetime, there is a risk that there will be many hearing impaired people who will be left behind. The eligibility criteria for the NDIS is quite

strict in that it provides funding for people with significant functional impairment. There are many hearing impaired people who are unlikely to meet the eligibility criteria for the NDIS as their loss isn't assessed as being "significant", and despite being on low income, eg Health Care Card holders, they will not meet the eligibility criteria for other funded support such as through the Australian Government Hearing Services Program. These people still have a hearing loss that impacts on their daily lives but they often cannot afford to access hearing services or, if they were fitted as children, the cost of updating their hearing aids is beyond their means. These people would not be able to take advantage of the full range of employment opportunities or participate socially to the extent that they would like. While this is not a cost driver for the NDIS, and therefore beyond the scope of this Productivity Commission review, there needs to be recognition of the economic benefit of supporting people with hearing loss who do not qualify for the NDIS or other government programs, and who are unable to independently fund their hearing needs.

It is not clear if the costs associated with the above-mentioned issues have been included in the cost drivers for the NDIS.

2.10 Future estimates

There will certainly be cost pressures in the future in relation to emerging technology, particularly implantable devices which are currently significantly more expensive than hearing aids. These devices are likely to be suitable for a broader population over time. While the NDIS doesn't cover the cost of the initial implantation, the scheme will cover the ongoing costs for some clients with implantable devices.

Additionally, with the increase in life expectancy, those who enter the scheme are likely to remain as participants for a longer time. People are unlikely to transfer from the NDIS to other schemes such as the Australian Government Hearing Services Program even if they meet the eligibility criteria through, for example, gaining access to the Age Pension, as the NDIS offers broader support than the Hearing Services Program and perhaps some Aged Care Programs.

Children who entered the scheme under the early intervention requirements to address hearing impairment are unlikely to exit the scheme at age 7 as they need ongoing support to ensure that they continue to achieve positive outcomes. However the level of support they require is likely to vary over time.

<u>Information, Linkages and Capacity Building</u>

There are essential activities and supports that cannot be individualised within a NDIS package. There will also be people with disability who require support, but whose functional impairment will not meet the threshold for eligibility for the scheme.

The Information, Linkages and Capacity Building component of the NDIS (ILC) is therefore essential to ensuring that the NDIS lives up to its promise to transform the lives of people with disability. It must support people who have NDIS plans as well as those who do not. But as it currently stands, it is weakened by a broad policy, limited budget and lack of clarity about the individuals who most need assistance and what support they might require.

In 2019-20 the total budget available for ILC will be $132 million. This budget is insufficient to meet the functions intended for ILC. The budget must not only be spread across all four activity areas described in the ILC Policy, but provide appropriate geographic coverage, particularly meeting the needs of people with disability and their families living in rural and remote areas. The budget must provide for generalised information, support and referral needs as well as diagnostic specific information and support. The latter is of particular importance to the people who live with deafness or chronic ear conditions, who rely heavily on diagnostic specific information and support provided by organisations such as Deafness Forum of Australia and its not for profit member organisations. The budget must also ensure the specific cultural needs are met for people with disability from Aboriginal or Torres Strait Islander backgrounds, or a culturally or linguistically diverse background. Given the scope of ILC it is therefore highly unlikely the budget will be sufficient to effectively meet this very diverse group of needs. While worthy initiatives will receive funding, significant gaps will surely remain.

3. SCHEME BOUNDARIES

3.1 Eligibility

3.1.1 Consistency in applying eligibility criteria

Reports from consumers indicate there has not been a consistent approach to providing access to the NDIS for people with hearing loss across Australia. Some consumers and clinicians have been advised that eligibility for the NDIS is dependent on the person's average hearing threshold level, advice which is not consistent with the published access arrangements. Clearer guidelines are needed for those who currently assess eligibility. These guidelines also need to be available to the public.

3.1.2 Access pathway and Early Childhood Early Intervention (ECEI) Approach

The referral pathway for children to access the CSO Program is currently clearly defined and very quick and simple. Referral agencies have built a relationship with their local Australian Hearing clinic so that it is a seamless transition between diagnosis and the provision of audiological intervention particularly for infants diagnosed through newborn hearing screening programs. A child's date of birth (i.e. they are aged under 26 years) and citizenship/residency status is sufficient for services to be provided. This information is provided verbally when the family is arranging an appointment with Australian Hearing. No further proof is required. There are several steps to navigate with the NDIS before services can be provided. Once services become contestable, it is likely to make it more difficult for diagnostic services to know where to refer clients, which introduces the risk of the client falling through a gap and not accessing the services they need.

The Early Childhood Early Intervention *(*ECEI) Approach should, in theory, support families through the process of becoming an NDIS participant, or being referred to other programs. In practice, it has the potential to further delay access as it introduces another gateway.

Evidence given by Early Intervention Providers at the Inquiry into the Provision of Hearing Services under the NDIS at the hearing held on 20 February 2017, indicates that *" the current ECEI that has been put in NSW around providing families with plans is extremely clunky, extremely difficult to navigate and really lacks specificity in relation to hearing loss. It seems to be geared more to physical impairment and developmental delay".* Another witness added "*ECEI transition provider packages, do not fit for children with hearing loss. Families can see that it does not fit, which raises the anxiety for them as well. What we are seeing is a model without the reference packages that is not fitting and is causing up to 150/200 days between when children are applying for packages and when they are getting accepted and quoted for packages which does not fall into the timeliness factor, which is where the risk comes in.*" Another witness said "*we are going from a system where things have worked seamlessly – it has been very smooth – to one where the NDIA is introducing other elements inclusive of linkers, ECEI, which do not actually understand the urgency of hearing services as opposed to other diagnosis*." In discussing the idea of an "honest broker of first referral" one witness said that "*under the ECEI there is a degree of that; however that structure brings in a lot of delays so they actually plop them into a general holding basket for a while before there is the option to move out*."

In theory the ECEI Approach should provide families with independent advice. In practice the ECEI partners are also early intervention providers so there is a real or perceived conflict of interest for

these partners to provide unbiased information to families. This brings a level of uncertainty for families. They are unsure if the information they have is completely impartial allowing them to make an informed decision about which early intervention program to access.

3.2 Intersection with mainstream services

3.2.1 NDIS and the Australian Government Hearing Services Program

While some client groups will transition from the CSO Program to the NDIS, there are several groups that will not. The government has indicated that people who are currently eligible to receive services through the Hearing Services Program and do not transfer to the NDIS will continue to receive services under the Hearing Services Program. However, there is still no clarity around how the CSO Program will be managed following the full roll out of the NDIS. There is a possibility that some groups could fall through the gaps. For example, children who are identified as having a hearing loss but do not go onto hearing aid fitting, (eg those with mild or unilateral hearing losses), require ongoing monitoring of their hearing levels in case intervention is required at a later date due to changes in the hearing levels or because they are experiencing more difficulties at school. It is possible that children whose hearing loss requires ongoing monitoring could be viewed as the responsibility of State Government Health Programs. However access to audiology services in State Government Programs has been quietly diminishing over time. It could be difficult for these children to find a service to provide ongoing monitoring of their hearing. If the need for intervention is not identified as soon as possible it could impact on school progress. It is critical that children requiring ongoing monitoring still have access to hearing assessment services in some form.

Also, it is not yet clear which government funded program will support children who require device fitting but their hearing loss is not regarded as permanent. This group includes children with conductive hearing loss. This type of hearing loss is prevalent in Aboriginal and Torres Strait Islander communities. The cause of the hearing loss is not easily resolved with medical intervention and therefore hearing aid fitting is often utilised to ensure that the child is not disadvantaged socially or educationally due to their hearing loss. These children do not appear to meet the eligibility criteria for the NDIS and it is still not clear how their needs will be met under the Australian Government Hearing Services Program. Splitting the service delivery between two programs is likely to lead to an increase in costs for both the NDIS and the Hearing Services Program.

Similarly, with the transition of services from the Hearing Services Program to the NDIS there is a risk that some services could be lost. For example, under the CSO Program, Australian Hearing audiologists provide support to schools with hearing impaired children. With the introduction of contestability, there would be multiple providers visiting schools and advising teachers (assuming that school visiting is a service that is supported in an individual's NDIS plan). This could lead to conflicting advice being given at the school and will be more time consuming for teachers to have to repeatedly take time out of the classroom to speak with individual providers. It is also likely to lead to children being fitted with different brands of devices which can be confusing for teachers who may need to provide assistance to the child in managing the device. There is also likely to be a problem with compatibility of devices that have to be tuned to the same frequency if the devices are fitted by different providers. Moving to having multiple providers may see the school visiting

system fail if it becomes unworkable. It is important that these services continue either under the NDIS or the Hearing Services Program as they support the best outcomes for the child.

While the client groups from the CSO Program who do not transition to the NDIS will continue to receive services under the Australian Government Hearing Services Program, it is not yet clear how the service delivery will be managed. If services are contestable under the NDIS, it is possible that services in the CSO Program that were previously delivered by a single provider will also become contestable in time leading to an increase in cost in delivering the Australian Government Hearing Services Program.

3.2.2 NDIS and the Employment Assistance Fund

There is likely to be disagreement or confusion between existing programs and the NDIS in relation to which program is responsible for the cost of providing support to people who qualify for assistance through several programs. For example, an NDIS participant requiring particular technology or an Auslan interpreter to support them in the workplace might reasonably expect to have those needs met in their NDIS plan. However there is also the option to access technology and Auslan interpreters through the Job Access Employment Assistance Fund. This appears to be duplication in service provision that could lead to double dipping, or more likely, lead to the person not being able to access the support they need in a timely way if the NDIS and Job Access dispute which program is responsible for funding the supports. It is difficult for the person's clinician to know where the boundaries are in order to provide their client with appropriate advice. The confusion may also see the clinician having to send multiple reports until they chance upon the program that will take responsibility to fund the support that their client needs.

There is still a need for programs such as the Employment Assistance Fund to continue in parallel with the NDIS, as not everyone who needs support in the workplace or in other situations will qualify for the NDIS. Some clarity around scheme boundaries will be needed for those who are working with, or advising people with a disability, so they can refer the client to the right place to get the support they need, and avoid the client being caught in a dispute between programs over funding responsibility.

3.2.3 NDIS and State Government Early Intervention Programs - Long term availability of Bilingual early intervention programs

Some families want their hearing impaired children to have the opportunity to use Australian Sign Language (Auslan). This can enhance a child's ability to communicate and develop age appropriate language. The family may prefer a bilingual program for their child if Auslan is their first language. Most bilingual (English and Auslan) early intervention programs are provided by State Governments. The Royal Institute for Deaf and Blind Children is the only NDIS provider currently providing the option of a bilingual early intervention program. Most other early intervention providers do not offer this option and are unlikely to include bilingual programs within their service.

With the roll out of the NDIS, the ACT Government has moved away from providing early intervention services and there are similar changes occurring in Queensland. Other States could follow as the NDIS rolls out in each State. The loss of State Government funded early intervention programs will put the future of bilingual early intervention programs at risk and create a service gap in the future.

4. PLANNING PROCESS

4.1 NDIS Plans

With the way that the NDIS planning process is structured, there is a risk that participants may not receive adequate funding. The NDIS planning process is very focused on outcomes and goals and requires the participant, or their family and carers, to have a full understanding of their disability and its implications and to be able to articulate these needs to the Planner. Parents of newly diagnosed children with hearing loss are often still coming to terms with the diagnosis and are unlikely to have the knowledge to be able to list the types of supports their child will need. If their child has additional disabilities (30-40 percent of children with hearing loss will have an additional disability[2]), it can take several months or years to get a clear understanding of the level of the disability. The ability of the participant to articulate their needs and goals will influence the level of funding that they receive. NDIS participants at trial sites have indicated that you need to have a clear vision of what outcome you want and be quite assertive during the planning interview. This will place a number of participants at a disadvantage if they are not able to clearly outline their needs or they do not have an advocate to help them with the process. It will be particularly difficult for people who are working through an interpreter.

There needs to be safeguards in place to ensure that the level of funding is appropriate for the participant's needs. The process should not depend solely on the individual's ability to articulate a detailed list of their requirements, particularly if they are not in a position to know what they should ask for even as a minimum. There could be some minimum funding packages that are automatically included in a participant's plan once they are deemed to be reasonable and necessary. For example, NDIS participants who use Auslan interpreting services could automatically receive a standard level of funding and have the ability to provide evidence for higher levels of funding if needed. Currently, the provision of interpreting services seems to vary widely.

4.2 Reasonable and necessary supports - Auslan and Medical interpreters

The Deaf Society, a member of Deafness Forum of Australia, is concerned by the variation it has observed in NSW and ACT in allocated hours and funding for medical interpreting for NDIS participants. It noted that in some cases there was no provision for medical interpreting in the package even though the clients provided information/evidence of previous medical appointments and hours of medical interpreting.

The Deaf Society has provided the following case studies:

- In one area, every eligible Deaf person had received a minimum of 25 hours of medical interpreting per annum. If a client was able to provide evidence that they have had a significant number of medical appointments in previous years, their approved funding in the package reflected it.
- A Deaf person who had a meeting with their Local Area Coordinator received 40 hours of medical interpreting as a result of providing evidence that they required medical treatment every two weeks with appointments longer than one hour in duration.

[2] http://www.deafeducation.vic.edu.au/Documents/Resources/FactSheets/ChildrenAddDis.pdf

- Some participants did not receive any funding for medical interpreting services and were told that their other approved hours for interpreting needed to be accessed in the event that medical interpreting was required.

The Deaf Society reports that some participants are worse off than before they entered the Scheme because of inconsistency in assessment and allocation of funding. It noted that the process for disputing funding takes up to three months and this has created higher level of stress for participants as they are heavily reliant on access to information especially for their medical appointments.

5. MARKET READINESS

5.1 Price cap set by NDIA

Early intervention education providers for children who are deaf or hard of hearing have expressed concern that funding levels for providers do not meet the true cost of delivering a quality service. Inevitably, this will lead to a reduction in services, and thus poorer outcomes for children. Adequate funding for service providers is needed to ensure services can focus on quality service delivery and positive outcomes for children who are deaf or hard of hearing and their families.

As the NDIS is using the existing funding arrangements of the Australian Government Hearing Services Program during the transition period, the adequacy of funding for audiology services under the NDIS has not yet been fully tested.

5.2 In kind services

There is an in kind arrangement between the Australian Government Hearing Services Program and the NDIS in relation to the delivery of hearing services.

Currently, children who qualify for services under the NDIS continue to receive their audiological services from Australian Hearing under the CSO Program of the Australian Government Hearing Services Program. Australian Hearing receives a fixed allocation to deliver these services.

Adults who have hearing services approved within their NDIS plan are currently referred to the Australian Government Hearing Services Program. If the client elects to receive services under the Voucher Program component of the Australian Government Hearing Services Program they then have a choice of hearing services provider and the provider receives the standard fee that applies to clients receiving services under the Voucher Program. If the client elects to receive services under the CSO component of the Australian Government Hearing Services Program, they are seen by Australian Hearing under the fixed allocation that Australian Hearing receives to deliver the CSO Program. If children or adults who are covered under the NDIS have needs that are beyond the scope of the Australian Government Hearing Services Program these requirements may be funded under their NDIS plans.

It is likely that the cost of delivering services to client groups currently funded under the CSO Program will increase under the NDIS. This is due in part to the scope of the NDIS being broader than the Hearing Services Program. However it also relates to the different funding models being used by the two Programs. Under the CSO funding arrangements, Australian Hearing receives a fixed allocation to cover the cost of delivering services to all of the eligible client groups. There is no profit margin in the funding allocation and Australian Hearing has to absorb any additional costs if it exceeds its allocation. It is expected that the fee for service arrangements under the NDIS will offer hearing services providers the opportunity to make a profit on the services they provide, and consequently will be set at a higher rate than the levels in the CSO Program.

Additionally, Australian Hearing uses its economies of scale to find efficiencies and access high level technology at the best possible price which ensures the CSO Program is getting high quality products and services for the lowest possible price. The NDIS provides funding to the participant to

access the supports they need. The cost of a device to an individual is likely to be much higher than the cost to a large organisation with a supply contract where price can be negotiated based on volume purchases. Therefore unless there is a change to the procurement arrangements for assistive hearing technology under the NDIS, the cost of devices is likely to be higher under the NDIS compared with the CSO Program. It will be essential to ensure that there is no reduction in service levels or technology under the NDIS in order to contain costs. As the Australian Government Hearing Services Program is currently reviewing its device supply arrangements, this may offer the NDIA the opportunity to access assistive hearing technology in a more cost effective way.

5.3 Shift from block funding to fee for service

The CSO Program is block funded and represents approximately 25 percent of Australian Hearing's revenue. Australian Hearing is the sole provider of services under the CSO Program, so no other hearing services providers are affected by the change in funding arrangements when the CSO Program transitions to the NDIS. The move to a fee for service arrangement under the NDIS is likely to provide more funding per client than the funding provided under the CSO Program. If Australian Hearing was to remain as the sole provider of services to children and to adults with complex hearing rehabilitation needs, the organisation is likely to receive more revenue under the NDIS fee for service funding compared to the fixed funding arrangements of the CSO Program.

The main issue for Australian Hearing will be the introduction of contestability for services that were previously provided solely by Australian Hearing.

Once services become contestable, Australian Hearing will lose some degree of market share so it will need to assess whether it is financially viable to continue to provide services to the same client groups at the same locations, particularly as some of these client groups are so small.

5.4 Changed market design

5.4.1 Introduction of competition

The introduction of competition presents several risks to the quality and availability of hearing services, particularly in services to hearing impaired children.

Australian Hearing is currently the sole provider of audiological services to children with hearing loss. As the private hearing services providers have not needed to be in this market, there is no information on the interest or ability of the private sector to take on these services. There is also no information on where the services may be provided.

It is likely that some "one-stop shops" will develop as early childhood intervention providers broaden their service offer to include audiology services. The change to a one-stop shop of education and audiology could cause an adjustment in the market of early childhood intervention providers and perhaps limit choice over time, if one provider becomes dominant, causing other providers to close. This could occur if the audiology is provided through one of the large vertically integrated hearing aid companies and the company introduces early childhood intervention services.

5.4.2 Referral pathway

The referral pathway for children is currently clearly defined. Referral agencies have built a relationship with their local Australian Hearing clinic so that it is a seamless transition between diagnosis and the provision of audiological intervention particularly for infants diagnosed through newborn hearing screening programs. The introduction of contestability is likely to make it more difficult for diagnostic services to know where to refer clients, which introduces the risk of the client falling through a gap and not accessing the services they need.

5.5 Barriers to new and existing providers

5.5.1 Hearing services for young children

The main competitors to Australian Hearing for the 0-6 years market are likely to be the existing early childhood early intervention providers. These providers already offer limited audiological services so they are likely to expand their service offer to become "one-stop shops". Australian Hearing would find it difficult to compete with that arrangement unless it formed a partnership with an early intervention education provider.

The most intensive, complex and, therefore, expensive services are those provided to infants and young children under 3 years of age. The numbers of children requiring support are very small - less than 1,500 nationally[3]. It is unlikely that the market could sustain a large number of providers to serve this cohort. If families favour the one-stop shop approach then Australian Hearing may withdraw from offering services to this age cohort. This could lead to gaps in service availability as the early intervention providers do not have the coverage of Australian Hearing, and are unlikely to expand services to the same number of locations.

New providers may find it difficult to enter the market due to the cost of setting up the specialised facilities and equipment needed to provide services to young children or children with additional needs. It is also difficult for clinicians to gain the training needed to deliver services to these client groups as there are no formal training courses to help clinicians gain the competencies needed to work with these clients. There are additional costs for new providers to purchase a stock of loan devices. There can sometimes be 2 - 4 weeks' turnaround time from technical assessment of the device's repair or replacement requirements. This is a relatively long period of time for a developing child with hearing impairment to be without access to sound and speech. Therefore loan devices need to be available.

The audiological programs needed for young children and children with additional needs are very time intensive. From a business perspective, it is likely to be more profitable to see adults than it would be to take on the complexities of working with children. Alternatively, providers could "cherry-pick" and take on the clients that suit their programs or clinics, which may create service gaps for clients with more complex hearing rehabilitation needs.

[3] https://www.hearing.com.au/wp-content/uploads/2016/12/2015-Demographics-of-aided-young-Australians-under-26-years-of-age-at-31-Dec-2015.pdf

5.5.2 Minimum caseload requirements

There are approximately 20,000 children in Australia fitted with devices. This figure won't change with the introduction of the NDIS as all children with hearing loss in Australia are currently eligible for services through the Australian Government Hearing Services CSO Program. Therefore the size of the paediatric market is known and it is quite small. When looking at specific age cohorts, the group requiring clinicians with highly specialised knowledge and skill, and access to specialised equipment and facilities, are children under 3 years. According to the 2015 demographic report from Australian Hearing on the number of children fitted with devices, the total number of children across Australia aged under 3 years of age who are fitted with devices is 1,489. Another cohort requiring intensive, complex programs from highly skilled clinicians is infants diagnosed through newborn hearing screening programs. There are approximately 300 infants under 12 months of age fitted for the first time annually. These are very small numbers of clients to spread across multiple providers. If these client groups were to receive services from a large number of practitioners in the future, it would be difficult for a practitioner to maintain their skill level if they were to only see a small number of children each year or every few years. It is unlikely that the market can sustain a large number of providers for such a small population, so some providers may enter the market initially but later withdraw when they realise that it is too difficult or expensive to continue to compete, particularly for the younger client groups.

5.6 Provider readiness

5.6.1 Expertise

There are issues around identifying audiologists with the appropriate expertise to deliver services to children and other vulnerable groups with complex hearing rehabilitation needs.

Audiology is a self-regulating profession. There are several professional associations that represent audiologists and audiometrists, but there is no peak registration board or authority that has overarching responsibility for the profession of audiology. This is an area of risk for consumers who will have no objective way of knowing whether the audiologist has the expertise to deal with more complex areas of audiology such as working with hearing impaired infants.

The assessment of expertise to deliver services to vulnerable client groups will be challenging as there are no formal qualifications in the fields of paediatric audiology or working with adults with complex rehabilitation needs that would allow clinicians to objectively demonstrate that they have the necessary competencies to deliver services to these client groups. Currently, services to clients in the CSO Program are provided by experienced audiologists who have also received in-house training at Australian Hearing in working with clients with complex needs and their families. Australian Hearing has developed training courses and mentoring programs for audiologists working with vulnerable client groups, and has a clinical support network for these audiologists. It is crucial that formal learning and development programs with independent competency assessments be established before moving the CSO Program to a contestable arrangement.

Research indicates the expertise of the service provider has a significant impact on client outcomes. Consumers need certainty that they are accessing services from a clinician with the appropriate skills. If new service delivery arrangements are introduced, consideration needs to be given to the mechanism that would be used for clinicians to attain the competencies needed to deliver services

to vulnerable clients in the future, and for consumers to be able to recognise that practitioners have the skill level required to provide these services.

Due to the complexity of the work, hearing services for children and adults with complex hearing rehabilitation needs should only be provided by qualified Audiologists with training in these specialised fields.

5.6.2 Quality framework

Providers who are moving into providing services to new client groups will need to have a quality framework in place to ensure that services are delivered appropriately. There may be an additional cost to providers to develop the framework and have the service audited regularly. There is also the cost of regularly undertaking outcomes measures and reporting on the results against national and international benchmarks.

5.7 Thin markets

Once services become contestable, Australian Hearing will no longer be obligated to maintain the coverage that is currently provided, particularly in rural and remote areas. The number of hearing impaired children in some locations is small so it may not be financially viable to offer services in the same locations as is currently the case.

The NDIA has an important role as market steward to ensure that alternative arrangements are made to cover thin markets before market failure occurs in any locations.

It is likely that appointing a provider to take responsibility for delivering services in rural and remote locations, and offering a level of financial incentive above the standard fee to make it attractive to providers, would be the best way to ensure ongoing service availability.

5.8 Services to Aboriginal and Torres Strait Islander clients

5.8.1 Service delivery model

Aboriginal and Torres Strait Islander peoples can, and do, access hearing services at mainstream hearing centres. However, Aboriginal and Torres Strait Islander peoples are often reluctant to attend a mainstream service. Given the high prevalence of otitis media and associated hearing loss, it is important for Aboriginal and Torres Strait Islander peoples to have access to hearing services. The aim of the outreach program that is delivered by Australian Hearing under the CSO Program is to provide a culturally sensitive program that is delivered in locations where people are likely to use the service. Services are planned in consultation with Aboriginal Community Controlled Health Services, State Government Community Health Services, parents, doctors, community elders, Aboriginal health and education workers, teachers, schools, parent committees, and non-government organisations. As the Australian Government Hearing Services Program only provides hearing rehabilitation programs and not hearing screening, diagnostic or medical programs, it is important for those delivering the service to work closely with those individuals and organisations responsible for delivering the primary and secondary level hearing services.

It is expected that very few Aboriginal and Torres Strait Islander people who are currently receiving services through the CSO Program outreach program will qualify for the NDIS. It will be hard for providers to justify providing a similar service delivery model for only a few clients under the NDIS.

This type of service delivery model for NDIS participants is likely to be provided by the hearing services providers that are also providing services to clients who remain eligible under the Australian Government Hearing Services Program or by providers who are also providing screening or diagnostic hearing services to the community.

This service delivery model is more costly to provide, but it is also more likely to be utilised by the people who require the service. Because it is a model that is delivered at a community level as well as the individual level, the cost of service delivery will be more than is contained in an NDIS participant's plan. The service delivery model lends itself to having a nominated provider as it is important to build trust between the community and those delivering the service. It would be difficult for multiple providers to build relationships and trust with the community and with other services providers. Also, as the service providers sometimes have to use the accommodation within the community, it would be difficult for the community to have multiple providers visiting at the same time.

There could be a financial advantage for the NDIS and the Office of Hearing Services to collaborate on determining the way service providers are chosen and reimbursed for delivering hearing services to Aboriginal and Torres Strait Islander communities. There could also be advantages for the Commonwealth Programs to work more closely with State Health services to develop a more coordinated approach to service delivery as it is currently very fragmented as it includes Commonwealth, State and not for profit organisations.

5.8.2 Cultural competency

Providers need the cultural competencies to deliver services in Aboriginal and Torres Strait Islander communities; knowledge of the types of hearing loss that are prevalent in the Aboriginal and Torres Strait Islander population; and knowledge of the technology and rehabilitation programs that are most appropriate to use with this population.

5.8.3 Logistical and Workplace health and safety costs

Some communities are quite remote and can only be accessed by using charter flights and/or four-wheel drive vehicles which can be expensive. Staff needs to attend four-wheel driving courses before attempting to use these vehicles. They may need access to a satellite phone and their organisation requires other safety protocols such as back-to-base calls to ensure that people have reached their destination.

It is expensive to deliver an outreach program in rural and remote areas and there are complexities around staffing and service delivery, which is why it has remained for so long as a Community Service Obligation activity. The NDIS may need to source specific providers and offer more appropriate reimbursement outside of what is contained in an individual's plan to ensure service delivery is available, and is delivered in a culturally appropriate way.

5.9 Services to people from culturally and linguistically diverse backgrounds

Providers need the cultural competencies to deliver services to people from culturally and linguistically diverse backgrounds. In particular, they need to understand how hearing loss is viewed in different cultural groups. There needs to be information available in other languages for clients who don't speak English or for whom English is not a first language, and an interpreter needs to be provided if the client is unable to converse with their clinician. Family members should not be used as interpreters. The cost of interpreters needs to be included in the person's NDIS plan, otherwise providers will be reluctant to offer services to clients who require interpreters due to the high cost involved.

5.10 Participant readiness

The concept of choosing providers will be a new experience for many people who are currently clients of the CSO Program. There are many safeguards built into the CSO Program that will not necessarily be automatically part of the NDIS. Participants will need to know that they need to factor these issues into their choice of provider.

The CSO Program has provided the safeguards needed to ensure services:

- Are available in urban, rural and remote areas of Australia
- Are within a reasonable travel distance for clients
- Are delivered by professionals with an appropriate level of expertise
- Are delivered fairly and equitably
- Are delivered in a culturally sensitive way
- Are focussed on the best interests of the client and their family
- Are delivered consistently across service locations
- Are delivered according to international best practice recommendations
- Are available for all clients regardless of their level of disability, socio economic background or requirements for interpreter and translation services

Specifically, in relation to services to children, the CSO Program ensures that:

- There are no delays in accessing the Program
- Services are timely and priority is given to newly diagnosed children over other work
- The program allows for a family centred response, giving families time, information and support to allow them to make an informed decision for their baby or child
- The child receives an individually tailored program to meet the needs of the child and the family
- The child receives the services and devices they need to achieve the best outcome
- There are strong relationships between audiological services, educational services and other support services including referrers
- The service is provided by highly skilled clinicians
- The clinical programs are research based and supported by clinical protocols

- The programs are provided with the focus on the best outcome for the child rather than a sales focus
- Services are equitable and not based on the family's ability to pay
- Information and guidance is impartial and unbiased
- Services are well located to minimise the need for travel

Some of these issues will be covered by the requirements of the NDIS, but not all. Clients will need to take more responsibility in moving from diagnostic to rehabilitation programs; they will need to know how to assess that the clinician has the expertise needed to meet their requirements; they will need to have more knowledge of what they want included in their program; more knowledge of technology and whether they should pay additional costs to access it. They will have no way of knowing whether the clinician is delivering services according to international best practice recommendations. The prospect of this will be daunting for many people, especially those who do not speak English or for whom English is not a first language. There is certainly a greater risk of people being lost to the system or accessing a service that is not the most appropriate for their needs.

Need for individual and systemic advocacy

Many families will need support services or advocates to help them negotiate the system effectively. The issue of people needing support from advocates is critical as the NDIS rolls out because the funding by state governments of individual advocacy and systemic advocacy for people who are deaf and hard of hearing is due to cease at full roll out; June 2018 for NSW and June 2019 for most other states. This will be a shortfall of around $770,000, in NSW alone, in annual funding previously available for information and advocacy for this specific disability focus area. The problem is compounded by the Federal Government's defunding of national peak disability advocacy organisations such as Deafness Forum of Australia. The NDIA has made it clear it will not fund systemic and individual advocacy. Advocacy has to be funded adequately outside the NDIS through such instruments as the National Disability Advocacy Program managed by the Department of Social Services; and by all state and territory governments.

Due to the issues identified, decisions on service delivery arrangements need to be made early to ensure that the system is ready and reliable, so that clients will receive appropriate programs from the time that hearing services transition to the NDIS in 2019.

6. GOVERNANCE AND ADMINISTRATION OF THE NDIS

6.1 Market stewardship

The availability of services will need to be monitored in a proactive way by the NDIA, as a situation of only acting once there is market failure would be hugely detrimental to the individual. It is encouraging to see that under the NDIS Market Approach the NDIA will play a role as "Market Steward" to monitor thin markets or market failure and take appropriate action. This is a responsibility that initially focusses on the transition to the full rollout of the NDIS in 2019-2020. As hearing services will not transition to the NDIS until 2019 it will be essential for the NDIA to continue to monitor that there are sufficient providers with the appropriate skills to deliver services beyond the transition period.

It is expected that there will be circumstances where there is a need to move from providing client choice to an arrangement where there is a nominated provider to deliver services as a way of ensuring that services are available. This is likely to apply in rural and remote areas and also to ensure a culturally sensitive outreach program is available for Aboriginal and Torres Strait Islander people who prefer to access services in their community.

6.2 Quality

The National Quality and Safeguarding Framework that the NDIA adopts will be an essential component of the NDIS. In particular, the monitoring of client outcomes under the Outcomes Framework will be important to ensure that NDIS funding is being used effectively and participants are achieving the best possible outcomes. It is essential that the measurement of outcomes is timely, and is sufficiently sensitive to highlight when alternative intervention strategies need to be considered. Time lost in going down the wrong pathway or receiving inappropriate services cannot be regained, so it is important that individuals are not left to fail before action is taken to modify their programs or organise a change of provider.

The quality framework will also need to ensure that hearing services providers and early intervention providers are implementing evidence-based practice and that providers are using appropriately skilled staff to deliver services.

6.3 Data collection

As the sole provider of hearing services to children for the past 70 years, Australian Hearing has been in a unique position to publish a demographic report on children fitted with devices in Australia. It is essential that this data continue to be collected and published as it will be needed to monitor the effectiveness and outcomes of the service. There is scope for the information that is collected to be improved on. The rollout of the NDIS and the planned changes to the Australian Government Hearing Services Program provide an opportunity for this to occur, and to broaden the publication of information to adults with hearing loss.

6.4 Assistive Hearing Technology

The Australian Government Hearing Services Voucher Program currently has a list of approved devices that meet particular criteria that have been chosen based on research evidence. Australian Hearing continually monitors the device market and the research evidence to ensure that features that result in clinical benefit are made available to the CSO Program clients in a timely way.

With the introduction of competition under the NDIS, Australian Hearing will no longer have overall responsibility for monitoring developments in the device market and evaluating their benefit for vulnerable client groups, so the NDIA will need to find another mechanism to fulfil that role. If the NDIA relies solely on the recommendation from the hearing services provider, the scheme could be funding high cost devices that do not provide any advantage over devices that are available at a lower cost. Another factor in a competitive market is the potential for a wide range of diversity in technology leading to variability in outcomes and difficulty in continued tracking and study of the best outcome pathway.

Australian Hearing is able to ensure value for money to Government through its volume-based purchasing arrangements. It is essential that under the NDIS there are systems in place to ensure that clients are still being provided with devices that provide the features needed to meet their clinical needs, and that these devices are upgraded when there are new features or devices available that would result in improved clinical outcomes. It will be important to monitor that the devices are fit for purpose and the decision on the device is based on clinical need and not influenced by the payment of financial or other incentives to hearing services providers/practitioners by the manufacturer.

6.5 Co-contribution to obtain higher level technology

The Australian Competition and Consumer Commission (ACCC) released a report on 3 March 2017, *Issues relating to the sale of hearing aids*. The ACCC is concerned about a range of business practices in the hearing services industry that are used to incentivise clinicians to sell high cost hearing aids. The ACCC has recommended that hearing clinics review their incentive programs and performance measures to ensure that they do not create a conflict between healthcare advice and sales. The report contained examples of the high prices paid by hearing impaired people for devices that did not provide the benefits expected.

It is understood that the NDIS will allow participants to make a co-contribution to obtain higher level technology. If this is the case, then there is a risk that NDIS clients may be exposed to similar practices where they are persuaded to buy high cost devices without realising that the recommendation is not so much related to benefit for the client, but more for the benefit of the clinician who is receiving a commission for selling these products.

It is critical that NDIS participants are able to trust the advice of their hearing care practitioner. These vulnerable clients are not likely to consider that the advice that they are receiving may be influenced by external factors such as incentives and commissions.

We know from evidence given by Australian Hearing to the parliamentary Inquiry into the Hearing Health and Wellbeing of Australia (7 Mar 2017, Canberra) that there are no financial incentives paid

to staff who sell higher level technology to a client who is currently eligible under the Community Service Obligations Program component of the Australian Government Hearing Services Program. As many of these clients will transfer to the NDIS by 2019 there is the potential for this situation to change with the introduction of contestability for these client groups.

It would be sensible if the NDIS did not allow hearing services providers to pay a proportion of the sale price to their staff in cases where clients make a co-payment. If this is not possible then other protections need to be considered so that the most vulnerable client groups are not exposed to inappropriate sales tactics.

Moreover, it will be important to ensure that the device supply arrangements under the NDIS and the Australian Government Hearing Services Program continue to ensure high quality products with appropriate features are available to clients and that Government achieves the best value for money in the supply arrangements.

CONCLUSION

There is widespread support for the NDIS among consumers with hearing loss and parents of children with permanent hearing loss. There is also recognition that the current system provides infants, children and young adults with a world-leading service and parents do not want to see this diminish when hearing services move to the NDIS. There is no reason for NDIS costs to blow out or markets to fail, if the potential risks are addressed prior to the transition to the NDIS. As the CSO Program does not transition to the NDIS until 2019 there is time to put appropriate safeguards in place to avoid this situation occurring. Consumer and parent organisations are willing to work with government and the NDIS to ensure a smooth transition that is fiscally responsible while meeting the needs of people with hearing loss.

Contact information

Stephen Williamson
Chief Executive
DEAFNESS FORUM of AUSTRALIA
Open Systems House, 218 Northbourne Avenue, BRADDON ACT 2612

ATTACHMENT A – ELIGIBILITY CRITERIA FOR THE AUSTRALIAN GOVERNMENT HEARING SERVICES PROGRAM[4]

Eligibility for the Australian Government Hearing Services Program is set out in legislation.

Voucher component of the program

You are eligible for the voucher component of the program if you are an Australian citizen or permanent resident 21 years or older and you are

- a Pensioner Concession Card holder
- a Department of Veterans' Affairs Gold Card holder
- a Department of Veterans' Affairs White Card holder issued for specific conditions that include hearing loss
- receiving Sickness Allowance from Centrelink
- a dependent of a person in one of the above categories
- a member of the Australian Defence Force[1]
- referred by the Disability Employment Services (Disability Management Services) Program or
- a National Disability Insurance Scheme (NDIS) participant with hearing needs, referred by a planner from the National Disability Insurance Agency

Please note

- that a Seniors Health Card **does not** provide eligibility for the program
- a young adult aged 21 to 25 (inclusive) you can choose to receive services through either the Voucher Program (if you meet one of the eligibility criteria listed above) or through the CSO Program (details below).

Voucher services are provided by a network of hearing services providers throughout Australia.

Community Service Obligations (CSO) component of the program

You are eligible to receive hearing services through the CSO component (specialist hearing services) of the program if you are an Australian citizen or permanent resident and you are

- a person from one of the above eligibility groups who has complex hearing or communication needs or who lives in a remote area including Norfolk Island
- an Aboriginal person and/or Torres Strait Islander who
  - is over 50 years of age or
  - is a participant in the Community Development Program (formerly known as the Remote Jobs and Communities Program (RJCP) and the Community Development Employment Projects (CDEP) program).
  - or a person who was a CDEP program participant on or after 30 June 2013; has since ceased participating in the program; and was receiving hearing services from Australian Hearing prior to ceasing participation
- a person under 21 years of age who
  - is an Australian citizen or

[4] http://hearingservices.gov.au/wps/portal/hso/site/eligibility/programhelp/eligibility

- is a permanent resident or
- is a young NDIS participant

Australian Hearing is the sole provider of CSO services.

[1]For the purpose of eligibility to the program, a member of the Australian Defence Force is considered to be

- a current member of the Permanent Navy, the Regular Army or the Permanent Air Force or
- a current member of the Reserves who is rendering continuous full-time service.