



17 May 2011

Commissioner Patricia Scott
Disability Care and Support
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601

By email: disability-support@pc.gov.au

DISABILITY CARE AND SUPPORT - PRODUCTIVITY COMMISSION DRAFT REPORT

Dear Ms Scott

I refer to the *Disability Care and Support Productivity Commission Draft Report* (Draft Report) released on 28 February 2011. Suncorp welcomes the opportunity to provide written comments to the Draft Report.

Suncorp wishes to commend and support the Productivity Commission (the Commission) for the efforts in designing a national scheme that would provide insurance cover for all Australians in the event of significant disability in an efficient and equitable manner. It makes good practical sense to suggest an independent National Injury Insurance Scheme (NIIS), sitting parallel with the National Disability Support Scheme (NDIS), to draw on current long term care schemes operating around Australia for those catastrophically injured, while providing alternative funding sources.

The insurance industry has an important role to play in the proposed reforms. With expertise in commercial insurance underwriting and provision of services, the insurance industry can offer valuable services that would drive health and employment outcomes through the appropriate pricing of risk and the ongoing management of claims. This is important to ensure the long term financial viability of the scheme.

Consistent with the previous submission made by the Insurance Council of Australia,¹ it is acknowledged that not all funding sources for the proposed reforms are suited to the pricing of risk in accordance with commercial insurance underwriting principles. The funding sources proposed for the NDIS and NIIS are aligned with this approach.

¹ Insurance Council of Australia: [*Productivity Commission's Inquiry into Disability Care and Support, Insurance Council's Further Submission*](#), dated 21 September 2010.

Further to our previous submission,² Suncorp is pleased to contribute the attached schedule of comments and observations to the public debate on the proposed significant reform.

In respect to the NDIS and NIIS reform, Suncorp considers it vital that focus be maintained on the significant long term economic benefits driven by:

- increased health and employment outcomes for people with disabilities and their carers; and
- reduced costs in service delivery through economies of scale and improved efficiency.

Implementation of sound management practices is fundamental to achieving the required economics benefits. Without this work, the success of any new scheme will be put at risk.

Suncorp is keen to actively work with the Productivity Commission and relevant stakeholders to further explore the details of the NDIS and NIIS scheme design or any comments considered in our submission.

Regards

Annabelle Butler
Executive Manager, Public Policy and Stakeholder Management – Suncorp General Insurance

Cc:

Anthony Day – Chief Executive Officer – Suncorp Commercial Insurance
Chris McHugh - EGM Workers Compensation Statutory Claims
Alli Smith - EGM Statutory Portfolio & Underwriting Management acting
Chris Cunningham – EGM Regulatory Affairs, Group
Chris Newlan – Head of Regulatory and Corporate Affairs – General Insurance
Matthew Kayrooz – Executive Manager NSW CTP Portfolio Management
Mike Thomas – Government Relations Manager – General Insurance

² Suncorp Submission, 8 October 2010 (Sub 592).



DISABILITY CARE AND SUPPORT - PRODUCTIVITY COMMISSION DRAFT REPORT
Suncorp Submission

Information Requests
Chapter 3 - Who is the NDIS for?
<p>The Commission seeks feedback on where the boundaries between the mental health sector and the NDIS might lie. In particular, the Commission would appreciate feedback on which system would be best placed to meet the daily support needs (not clinical needs) of individuals with a disability arising from long lasting mental health conditions (such as schizophrenia), including:</p> <ul style="list-style-type: none">• which services would be provided by the NDIS and not the mental health sector and how these could be clearly identified• the magnitude of the budget that would be required• how to guard against cost shifting• how the NDIS would practically integrate any role in ongoing non-acute services with the wider mental health sector, including any shared responsibilities of case managers in the two systems.
<p>Suncorp does not have any particular view on the appropriate boundaries between where the mental health sector and the NDIS might lie but offers the following observations:</p> <ul style="list-style-type: none">• Significant resources are required to raise the public profile of mental illness, particularly recognition of the early signs and of the benefits of early intervention to ameliorate the long term effects of the illness. NDIS may have an important role to play here;• Diagnosis and appropriate treatment is best provided by the mental health sector and those services should be easily portable between jurisdictions;• There has been much public commentary on how the sector is under resourced and unable to respond to the current unmet public demand. Recent Federal Budget announcements regarding / about the mental health sector represent a good starting point;• Due to the disabling nature of the illness, the early signs of relapse are not identified or acted upon early enough. Monitoring of well being is essential (the level of monitoring would depend on each particular case). Development of best practice models in this area would be helpful;• Ongoing support is crucial to ensure there is no relapse in activities of self care and living independently, financial responsibilities,

interaction with others and Government agencies (such as Centrelink), social and community participation, and obtaining and retaining employment. NDIS may have a valuable role to play in complementing the mental health sector here, especially for those who do not have family and friend support systems. Suggestions raised in the draft report are good starting points:

- strengthening access to mainstream services, such as housing, employment, education, health, transport or advocacy services;¹
- providing homeless outreach services to assist in accessing suitable and secure housing, and other disability services; and²
- maintaining strong links with agencies which co-ordinate early intervention strategies.³
- Support by way of information and referral services into mainstream services and community support is essential for those suffering from the illness, and for their family and friends. The ongoing issue of obtaining and retaining employment is an example. Portability across jurisdictions for those services is also essential, especially for those who find themselves in different jurisdictions, without support.

Chapter 4 – What individualised supports will the NDIS fund?

The Commission considers that the NDIS should fund artificial limbs and seeks feedback on the desirability and practicality of this option. What items should be included if included in the NDIS? The Commission seeks feedback on the arrangements that should apply in relation to higher electricity costs that are unavoidable and arise for some people with disabilities.

The Commission seeks feedback on how to ensure that funding support given for taxis under the NDIS is kept within reasonable bounds. The Commission seeks feedback about whether Carer Payment, Carer Supplement, Carer Allowance, Mobility Allowance, and the Child Disability Assistance Payment should fall within the scope of the NDIS.

The Commission considers that needs assessments should take account of the extent of natural supports, and that the NDIS should waive the front-end deductible where the value of this support exceeds some government determined level. The Commission would welcome feedback on what that level should be.

Suncorp supports the general view that NDIS should fund some artificial limbs with the enhanced criteria of ‘reasonable and necessary’ to assess resource allocation,⁴ especially in circumstances where an individual does not elect to take the self funding option under NDIS.

¹ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 4.11 & 4.24.

² Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 4.8

³ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 2, February 2011* at 11.24.

⁴ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 4.27.

Suncorp holds no particular view on what items of artificial limbs should be included in the NDIS, other than to support the concept of the NDIS providing complementary support to that offered by mainstream services and that the services should be delivered consistently.

In respect to funding arrangements for higher electricity costs, Suncorp holds no particular view as to whether they should be included in the NDIS. It might be useful to introduce the discussion of medical energy rebates into the current and/or future public debate on the proposed carbon tax and the response from energy service providers and State/Territory governments. In any event, current financial assistance available to households for higher energy costs resulting from an inability to self regulate body temperature or extra laundry requirements should be harmonised, wherever possible, across Australian jurisdictions.

Suncorp recommends that the criteria of 'reasonable and necessary' with the proposed enhancements⁵ should be applied to allocation of taxi services. The slightly variant criteria of 'reasonably necessary' as applied in the NSW workers compensation scheme might also be considered.

Suncorp acknowledges the complex arguments in respect to the appropriate funding of Carer Payment, Carer Supplement, Carer Allowance, Mobility Allowance, and the Child Disability Assistance Payment. For those who opt for full self directed funding (where the person with a disability or guardian would manage the funds), funding may go to alternative carer options.

Suncorp holds no particular view as to whether Carer Payment, Carer Supplement, Carer Allowance, Mobility Allowance, and the Child Disability Assistance Payment should fall within the scope of the NDIS. However, if NDIS were to cover these payments, nationally consistent guidelines on the use of unpaid carers in the delivery of ongoing care and services are required. The guidelines developed and used by the NSW Lifetime Care and Support Authority (NSW LTCSA) and Transport Accident Commission (TAC) are good starting points to consider.

Keeping these payments outside the NDIS may simplify the complex issues of responsibility and compliance burdens raised in respect to the use of funding to employ carers (particularly family members) directly,⁶ and may reduce oversight obligations of the NDIS.⁷

Chapter 5 – Assessing care and support needs

⁵ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 4.28.

⁶ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 6.29 to 6.32, 6.39 to 6.40, 6.44.

⁷ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 6.39.

The Commission seeks feedback on whether these tools, or any other assessment tools, would be appropriate for assessing the care and support needs of individuals having regard for:

- the role of the assessment process in the context of an NDIS
- the desirable traits as outlined in section 5.4.

Suncorp generally supports the approach taken in the draft report in respect to assessment tools and the role of the assessment process in the context of an NDIS.⁸ A single assessment process under NDIS for disability and mainstream services (such as health, education and employment) appears particularly attractive provided that privacy protections are in place. Sharing the lessons and expertise of the assessment process under the National Injury Insurance Scheme (NIIS) might also be useful. Indeed over time, there may be opportunities to share resources in the assessment process, which would in turn provide efficiency savings for both the NDIS and the NIIS.

Suncorp repeats the view expressed in its previous submission⁹ of the need to consider mutual social and economic obligations to maintain a financially robust scheme. This could be incorporated into the desirable traits of the assessment tool outlined in section 5.4 by reference to the appeal process taking into account the scheme's financial sustainability, when making a determination on a dispute.¹⁰ This warrants further consideration as a mechanism to assess support needs on a nationally consistent basis and to prevent boundary creep, which has the capacity to severely impact on the financial viability of the scheme.

Chapter 8 – Delivering Disability Services

The Commission seeks further feedback on the effectiveness of monitoring instruments and any others that could potentially be used to assist oversight of the disability sector.

Suncorp generally supports the approach to develop a national system for shared electronic recording of relevant details of NDIA clients, including assessed needs, service entitlements, use and cost of specialist disability services, outcomes and other key data items with privacy safeguards. At the public hearings, others have offered their experience in this area and there appear to be valuable lessons to be learned from those experiences.¹¹

Suncorp uses a sophisticated electronic claims management program for personal injury claims and other types of insurance claims. This

⁸ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 5.1 and 5.11.

⁹ Suncorp Submission, 8 October 2010 (Sub 592, page 8).

¹⁰ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 7.42 to 7.46.

¹¹ Productivity Commission - Draft Report on Disability Care and Support - *Transcript of Proceedings at Sydney Wednesday 13 April 2011*, at page 698.

program manages all the information required to support the end to end personal injury claims process nationally and can provide alerts to essential activities required within the claims process. The aim is to provide the early intervention required to achieve the personalised goals for each claimant. There is also capability to permit online lodgement of information by external service providers or employers.

The benefit of the program is the centralisation of all relevant information in respect to the claimant's progress, which ameliorates against the impact of changing staff and has the ability to audit performance against specific key performance indicators (set externally and/or internally) not only for personal plan outcomes but also for quality of services. However, as with any electronic software program, business crises management policies need to be developed and reviewed regularly to minimise the effects of any disruption to the service.

Suncorp is happy to share the expertise it has with these types of programs further with the Productivity Commission on an informal basis.

Chapter 9 – Disability within the Indigenous community

The Commission seeks further feedback on the merits of the NDIA funding prevention and early intervention measures specifically targeting Indigenous communities, and how this could work in practice.

Suncorp suggests that Indigenous communities themselves be actively encouraged to provide feedback on the most practical and useful prevention and early intervention measures that would overcome the significant barriers of access to disability services and achieve the stated aims.

It is observed that the Remote Aboriginal Swimming Pools Program¹² may be a type of community based model to achieve the stated aims.¹³ Incorporating such a model into the schooling and employment programs is another possible social benefit. It is suggested that Indigenous communities be directly consulted to consider if similar targeted models are acceptable for the prevention and early intervention of disabilities.

Chapter 16 – A national injury insurance scheme

The Commission seeks feedback on a workable funding arrangement for catastrophic injuries resulting from water, air and railway modes of transport.

¹² The Royal Life Saving Society of Australia: *The Remote Aboriginal Swimming Pools Program*.

¹³ UnitingCare Wesley Adelaide: *The Anangu Lands Paper Tracker*.

The Commission seeks feedback on practical interim funding arrangements for funding catastrophic medical accidents covered under the NIS.

The Commission seeks feedback on an appropriate criterion for determining coverage of medical accidents under the NIS.

The Commission seeks feedback on the benefits and risks of requiring nationally consistent disclosure to an appropriately charged body responsible for monitoring and publicly reporting trends in legal fees and charges paid by plaintiffs in personal injury cases.

Suncorp is not in a position to offer a workable funding arrangement for catastrophic injuries resulting from water, air and railway modes of transport.

In respect to appropriate criteria for determining coverage of medical accidents and practical interim funding arrangements for funding catastrophic medical accidents covered under the NIS, Suncorp refers to the submission lodged by the Insurance Council of Australia.

In respect to feedback requested on the benefits and risks of requiring nationally consistent disclosure to an appropriately charged body responsible for monitoring and publicly reporting trends in legal fees and charges paid by plaintiffs in personal injury cases, in principle, Suncorp supports disclosure of legal fees. Mechanisms currently available in disclosing legal fees vary. Legislating a scale of standard fees which are reported to the Regulator separately from benefits/compensation awarded, as occurs in the NSW workers compensation scheme, is a good place to start.

General Comments

Chapter 3 – Who is the NDIS for?

Suncorp supports the three tier approach to providing services.

Tier 1, 'minimise the impacts of disability' has the potential to significantly raise the public profile of societal attitudes, awareness and inclusion. Government incentives (through the taxation system) to promote employment and retention of people with a disability may be useful to consider in conjunction with the suggested Prime Minister's Employer of the Year Awards.¹⁴ As stated in a previous submission,¹⁵ an employment focused case management model,¹⁶ is likely to assist those with a disability into the workforce.

¹⁴ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 3.6.

Tier 2, 'ensuring appropriate support from any system' represents a vital useful vehicle in facilitating research and development of best practice models in service delivery to ensure a consistent approach by mainstream service providers such as health, housing, education, transport and employment. This represents fertile ground for information sharing between the NDIS, NIIS and the accident compensation schemes.

In respect to Tier 3, 'individually tailored funded supports,' Suncorp expresses no view on assessment criteria to establish entitlement to support. The notion of capturing gains from early intervention is essential here, something that is not addressed to any great degree or applied consistently in current schemes. The insurance industry has much to offer in respect to early intervention.¹⁷

The draft report discusses the intersection between the proposed NDIS and the NIIS, the health and aged care systems. Areas of concern have been raised in the public hearings. Deciding the parameters between the schemes can be complex. It is suggested that whatever rules are applied, the impact of these rules on the NDIS should be monitored regularly to identify emerging trends that may require further policy development to ensure the long term financial viability of the scheme.

Cost effective and efficient appeal processes should be available during the tier 3 assessment stage.¹⁸

Consideration should also be given to contributing to the funding of the NDIS in circumstances where claimants receive common law damages for future care and support, and where separate funding arrangements are not in place under NIIS.¹⁹ These include claims for personal injury under products liability, house and contents, travel or life insurance policies. This may be done in a number of ways:

- assessing a preclusion period from benefits based on a set formula, as is the experience with Centrelink;

¹⁵ Insurance Council of Australia: *Productivity Commission's Inquiry into Disability Care and Support, Insurance Council's Further Submission*, dated 21 September 2010 at 18.

¹⁶ Insurance Council of Australia: *Productivity Commission's Inquiry into Disability Care and Support, Insurance Council's Further Submission*, dated 21 September 2010 at 18.

¹⁷ Insurance Council of Australia: *Productivity Commission's Inquiry into Disability Care and Support, Insurance Council's Further Submission*, dated 21 September 2010 at 10.

¹⁸ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 7.39.

¹⁹ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 2, February 2011* at 12.3 & 15.4.

- insurers seeking recovery from third parties found to be liable;
- regulators seeking recovering where liability exists elsewhere.

The circumstances when the contribution may be sought and the method of calculating the contribution needs to be considered carefully to ensure no unintended consequences.

Chapter 6 – Who has the decision making power?

The choice of package and self directed funding is discussed. Those assessed eligible for funding may initially choose Disability Support Organisations (DSOs)²⁰ or service providers (SP) to bundle supports for them, but may wish to opt for the self funding model, as they grow in confidence and experience in navigating the system. While there is a need for oversight of self directed funding,²¹ compliance costs associated with self funding are likely to be the main barrier for this funding option.²² Consideration should be given to ensure seamless transfer between different funding types is achieved without disruption to services.

Chapter 7 – Governance of the NDIS

Suncorp supports the general approach for complaints and dispute resolution. Maintaining a cost effective, efficient process for dispute resolution is crucial for the financial health of the NDIS in the long term. It is suggested that the internal review process, similar to that successfully used by the NSW Long Term Care Scheme, be adopted at least in the initial stages of NDIS implementation.²³ The efficacy and cost of this review process can be considered after a period of operation, say three years.

Chapter 10 – Collecting and using data under the NDIS

Suncorp is a strong advocate of appropriate use of data to measure efficacy and effectiveness of interventions measured against actual outcomes - their cost effectiveness, quality of services and to identify emerging trends - which is crucial for any schemes ongoing viability. The NDIS overview of a national system to collect and analyse data appears to address this but poses implementation challenges (not least that of compatibility of data systems).

Making the results publically available will benefit society as a whole, as best practice models for service delivery are diffused by the NDIS,

²⁰ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 7.14 to 7.16.

²¹ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 6.39.

²² Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 6.34.

²³ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1, February 2011* at 7.42 to 7.52.

accident compensation schemes and main stream services of health, housing, education, employment and aged care. The NDIS proposal is likely to encourage greater harmonisation in how appropriate data are collected and analysed across all accident compensation schemes and mainstream services, nationally. The purpose of the database is to capture novel and innovative practices that achieve stated aims, set timely strategies to address emerging trends and build a culture of continuous improvement.

There may be capacity for the NIIS, the accident compensation schemes, the mainstream services of health, housing, education, employment and aged care to leverage off the NDIS data system to capture and analyse appropriate data (subject to privacy and confidentiality obligations) to provide seamless service delivery.

Chapter 11 – Early Intervention

Reference is made to early interventions being outside the scope of NDIS and the role NDIS may have in respect to these initiatives.²⁴ As suggested, there are strong grounds for defined linkages between the NDIS and other agencies. Suncorp considers this to be essential. NDIS may be able to leverage off effective early intervention strategies used by other agencies, the NIIS and the accident compensation schemes, where appropriate. The NDIS would have vested interests in early intervention strategies that prevent or reduce the call on NDIS resources, and which add to the development of best practice models. To this end, the NDIS needs strong links with these agencies and it may be in its best interests to complement or support some of these strategies, where appropriate (as discussed elsewhere in this submission).

Chapter 13 - Workforce issues

The draft report identifies the growing band of volunteers in Australia, particularly as the group known as the 'baby boomers' retire.²⁵ Marshalling this volunteer resource for suitable start up projects or support groups makes good sense.

Transition to employment programs are essential. It not only benefits those who suffer a disability and have the capacity and want to work, it may release unpaid carers into the workforce. This has the potential to increase the quality of life for all concerned. It also has economic benefits, through increasing workforce participation rates and productivity. Transition into employment programs may involve some volunteer work as a means to become work ready.

Chapter 14 - Costs of the scheme

Estimates of the cost for tier three services are made up to the pensionable age, which is stated to be 65 years of age. If the NDIS is

²⁴ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 2*, February 2011 at 11.24.

²⁵ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 2*, February 2011 at 13.37.

implemented in the timeframes suggested,²⁶ the national roll out is expected to be from 1 January 2015. Although the pensionable age is set to increase, these estimates are appropriate until 1 July 2017. From then, the qualifying age for the Age Pension will increase from 65 to 65½ years and will continue to rise by six months every two years, reaching 67 by 1 July 2023.²⁷ The implications for estimates of the cost of the scheme from 1 July 2017 need to be considered, noting the proposed review of NDIS is not until 2020.²⁸

Chapter 16 - A national injury insurance scheme

The establishment of a no fault lifetime care and support scheme for all traumatic catastrophic injuries has merit, as the frequency rate for these injuries is low. The essential component is that funding can be sourced from current insurance premiums and other sources, such as land taxes or local government rates.²⁹ The greatest benefit of such a scheme is that economies of scale in service delivery can potentially exceed the current experience.

Extending the current no fault lifetime care and support schemes within Australia to cover all traumatic catastrophic injuries may be problematic, especially where the relevant insurance cover is not mandatory.³⁰ The need for long term care and support might be best served by the NDIS for claims with suitable financial contribution provisions from common law judgements, where appropriate.

General Comments

The Draft Report proposes significant reform in the disability sector. The proposals are commendable in seeking a more efficient and equitable way of delivering services from an increased funding pool to those requiring lifetime care and support. As this proposed reform is far reaching in its impact, it is likely to face challenges both from the policy and implementation perspective, although no one contests that reform is required.

The potential of this reform is the opportunity to shake up the way society perceives disabilities,³¹ breaking down barriers across Australian jurisdictional borders. It will go some way to satisfy our international obligations and increase Australia's global standing.

²⁶ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 2*, February 2011 at 17.11.

²⁷ Australian Government-Centrelink: http://www.centrelink.gov.au/internet/internet.nsf/individuals/ssp_age_pension.htm#start;

²⁸ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 2*, February 2011 at 17.12.

²⁹ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 2*, February 2011 at 16.24

³⁰ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 2*, February 2011 at 15.4, 16.3 & 16.22

³¹ Australian Government: *Disability Care and Support: Productivity Commission Draft Report, Volume 1*, February 2011 at 1.6.



Apart from the social benefits, there is an economic imperative to pursue the stated aims of the reform.³² Apart from the potential to increase work force participation rates, re-structuring the disability sector is likely to see significant cost savings in other main stream services such as health, aged cared and welfare schemes (for example, freeing up acute hospital beds and aged care specific accommodation). Portability of consistent services is also essential.

Suncorp supports the overarching NDIS and NIIS approach and the staged implementation. It is suggested however that consideration be given to building on current proven models and (best) practices wherever possible nationally, to avoid 're-inventing the wheel.'

³² Suncorp Submission, 8 October 2010 (Sub 592, page 1).