

25th June, 2020



PO Box 6
Lake Heights NSW 2502

Martin Hoffman
CEO
National Disability Insurance Agency
GPO Box 700
Canberra ACT 2601

Dear Mr Hoffman,

NDIS Price Guide 2020–21

The Illawarra Disability Alliance (IDA) is a group of not for profit disability-specific providers working together collegially and collaboratively to deliver better outcomes for people with disability in the local community.

Illawarra Disability Alliance members met recently to discuss the impacts of the 2020-21 NDIS price guide.

Group Supports

There is a great deal of concern about the new pricing methodology for group supports - which also impacts supported employment. Of primary concern is that the new pricing model makes no allowance for non-face-to-face time and adds a significant administrative burden as providers need to share the cost of a support worker across the participants that worker supports. In other words, where a support is delivered to a group of participants the provider must claim for the fraction of the time of the support from each participant's plan. IDA members estimate this pricing approach would result in an average reduction of \$5.72 per hour for groups with ratios of 1:3.

We note the introduction of a Centre Capital Cost of \$2.31 per hour which can be applied to both centre-based and community-based line items. However, this will only partly mitigate the average \$5.72 shortfall per hour of service provision.

Adding further to the administrative burden providers shoulder is that they will need to claim separately for the non-face-to-face tasks they undertake for participants. This is yet another example of adding complexity and additional administrative burden by cutting claiming items into smaller and smaller discrete units.

The IDA propose that centre-based and community-based group supports are both philosophically and

economically beneficial to both participants and their families, and the NDIA. The current (existing) pricing model recognises that the cost of providing support to groups on a ratio model is more than the cost of providing 1:1 support. Thus, while the existing model makes only a small and insufficient price contribution to centre based costs, it can be managed in conjunction with the existing ratio rates.

Now, rather than claiming ratio-specific line items, providers will need to bill a portion of a single rate, and to do that, they will have to renegotiate with their participants and then record and claim every minute they spend providing non face-to-face support. The proposed changes have not been well communicated by the NDIA to participants. Therefore, the burden of communicating government policy changes will sit with service providers. This not only increases the providers' workload, but the IDA expect that there will be questioning of the non-face-to-face time as participants and carers do not understand the complexities of record keeping and the stringent quality and safeguarding requirements that registered providers must adhere to.

Thus while the NDIA modelling assumes that for every hour of support, a provider also delivers 7 minutes of non face-to-face support, this will need to be understood and endorsed by participants and their carers at the time of plan development. It is unrealistic to expect that individual participants and their carers will understand the need for, and will lobby for, the inclusion of funding within the plan to cover both direct delivery and non-face to face funding needs.

The simple reality is that 3 x 1:3 does not equal 1. The new pricing model will mean that providers will bear the additional costs to administer the model i.e. three times the on-boarding costs for staff, three times the administration costs in terms of individual transactions and billing, three times the rostering complexity and so forth relative to 1:1.

Our concern is that the new model will result in systemic market failure similar to that which occurred last year for in home personal care. If the rates offered are not viable, service providers will reduce or cease this service offering and focus on more sustainable models of support- i.e. 1:1 support.

However, the loss of group activities will have a devastating impact on the lives of people with disability. Indeed, we have living examples of the impact loss of such group activities from the current COVID-19 crisis which has resulted in the closure of the sector's day centres. Providers have noted the negative impacts on the mental health of both participants and their families. Even participants who have moved to 1:1 supports report feeling more isolated and less connected to their friends and their community.

Administrative Burden

The changes in the Price Guide will also require considerable changes in both back-end billing systems, and in training of staff in recoding billable hours. Effectively all team members will need to record increments of all of their time against individuals.

It is unrealistic to expect that such major changes will be achieved in the three weeks to 1st July, given the complexity of the changes and the need to undertake vital but time-consuming activities including:

- Establishing systems for recording and claiming billable hours.

- Educating staff the elements of their roles which are billable, how to track their time, and the importance of embracing such changes.
- Negotiating with participants and their carers about the new pricing system and making the necessary changes to service agreements and service bookings

Casual loading on Saturdays

The Fair Work decision to provide casuals with the 25% casual loading in addition to weekend penalty rates effective 1 July 2020 is welcomed by all providers, however this substantial additional cost needs to be reflected in pricing. A vast majority of non-SIL supports provided on the weekend are recreational and revolve around specific events (sporting games, shows, concerts etc.), which often have extremely limited lead-up time and cannot thus be rostered for. The result is that the weekend disability support workforce is largely comprised of casual employees.

This decision, in combination with the new Price Guide, places the viability of group-based recreational activities on the weekend at even greater risk. With the wage cost increasing by 25% and group rates decreasing by as much as \$5 per person per hour, the IDA proposes that market failure is inevitable for this popular and truly inclusive service type.

Temporary Transition Payment Reduction

From July, the Temporary Transition Payment (TTP) reduces by 1.5 per cent to 6 per cent. The TTP has successfully slowed the exit of providers out of one-to-one supports. The IDA argue that the TTP price point represented the appropriate pricing for these supports and its reduction may therefore once again prompt a contraction in this part of the market.

The Annual Pricing Review identified that only 59.6% of eligible providers chose to claim the TTP loading. We strongly disagree with the view that this was because many providers did not need the additional revenue. Rather, the IDA believes this reflects the fact that no additional funding was put into participant plans for this loading. This left some providers unable to access TTP due to the risk of overspending the participant's budget. There were also some issues with the data, as some providers who indicated that they were claiming it did not have their data picked up correctly.

We strongly urge the NDIA not to make the incorrect assumption that the TTP is not required. Rather, with cost models demonstrating that providers cannot survive under the current pricing structure, the TTP should be correctly funded in order that a 7.5% permanent increase to pricing can be adopted.

We urgently seek an extension of the current Price Guide in order for the proposals in the new Price Guide to be fully reviewed and the implications explored in partnership with providers.

Yours sincerely,

Nicky Sloan
CEO
Community Industry Group
For and on behalf of The Illawarra Disability Alliance

CC:

The Hon. Stuart Roberts MP **Minister for the National Disability Insurance Scheme**

The Hon Gareth Ward MP **NSW Minister for Families, Communities and Disability Services**

Hon Bill Shorten MP **Shadow Minister for the National Disability Insurance Scheme**

Stephen Jones MP **Member for Whitlam**

Hon Sharon Bird MP **Member for Cunningham**

Joint Standing Committee on the NDIS

Disability Reform Council

Members of the Illawarra Disability Alliance

