# Page background in NDIS purple.Supported employment under the NDIS

# Industry Information and Consultation Paper November 2019

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## Terms that we use

| **Term** | **Explanation** |
| --- | --- |
| Australian Disability Enterprise (ADE) | ADEs are typically not-for-profit organisations that provide a wide range of employment opportunities to people with disability who require regular, ongoing and intensive supports in the workplace. ADEs predominantly employ people with disability. They were historically funded through the Disability Employment Assistance (DEA) program by the Department of Social Services (DSS). |
| Case-Based Funding (CBF) | CBF is the grants funding provided by the Commonwealth Government through the DEA program. This funding was administered by DSS and has been mirrored by the NDIS during the transition period. Under the Case-Based Funding model, ADEs are paid for an agreed number of places at a level that reflects each supported employee's assessed support needs.  |
| Disability Maintenance Instrument (DMI) | The DMI is an assessment tool previously conducted by ADEs to determine the level of support that a supported employee needs in the workplace. It was used to determine the funding of supports under the DEA program. It captures workplace assessments, preparation of employment assistance plans, training, supervision, physical assistance and personal care, amongst many other factors, to assess disability-related employment support needs. |
| Pricing Framework | Pricing framework refers to the Pricing Control Framework used by the NDIA. Under the Framework, the NDIA does not set prices, it sets price caps. Providers’ charge to participants must not exceed the price limit for that support in the NDIS Price Guide. Providers may choose to charge prices below these limits. |

## Introduction

For Australians with disability, having a job expands social networks, raises living standards, and increases financial independence and self-worth. Our vision is that people with disabilities are supported to reach their employment goals and have the same confidence, skills and opportunities to work as all Australians.

Our focus at the National Disability Insurance Agency (NDIA) is to ensure National Disability Insurance Scheme (NDIS) participants receive the funding they need to continue their employment and have opportunities for personal development, including career progression.

The NDIS is responsible for funding reasonable and necessary supports that a participant needs as a result of their disability, to participate in community, social, economic and daily life activities and to achieve their goals. Practically, this means the NDIS funds people, not programs. As such, transitioning Case-Based Funding (CBF) from the Department of Social Services (DSS) to the NDIS requires a person-centred planning approach. This approach is defined by the participant’s employment goals and the intensity and frequency of support they require to achieve those goals rather than the nature of their workplace.

On 10 October 2019, the NDIA announced a new supported employment pricing framework, which will come into effect in July 2020, when the transition of existing supported employees into the NDIS is expected to be complete. Australian Disability Enterprises (ADEs) employ and provide supports to more than 20,000 NDIS participants.

The new pricing framework introduces an hours-based, per-participant model that:

* reflects the actual hours of support provided to the participant at work, which may include non-face-to-face work time if appropriate
* will vary depending on the intensity of workplace support a participant needs.

The new pricing will inject significant additional funding for supported employment into NDIS participant plans, ensuring participants have the funding available to purchase the hours and intensity of support they need to maintain work.

It will also give ADEs and other employment providers the freedom to innovate, expand and work flexibly with individuals to achieve their employment goals.

## Purpose of this paper

This paper provides further information about how to interpret and apply the pricing framework announced by the NDIA in October. It also seeks advice from the sector about how best to implement the framework.

The NDIA wants to understand the operational changes involved in moving from annualised, program-based funding to individualised, participant-centred funding under the NDIS. We want to ensure that supported employees continue to be supported to pursue their employment goals and enjoy the benefits and rewards of work.

In this paper you will find background information and detail on the pricing framework, including guidance on the application of support ratios and on how to claim payments.

We invite input from the sector to inform the NDIA’s approach to:

* defining supports in the workplace
* defining a ‘support worker’ in the workplace
* identifying the types of disability-related activities undertaken as ‘non face-to-face support’ in the supported employment setting
* minimising unnecessary administrative burden on providers.

The paper outlines the timeline for implementing the new pricing framework. The timeline recognises the new pricing framework is a significant change and that some ADEs may need extended time to make adjustments to their business and support models. We are interested in hearing from ADEs about what would assist them in making a transition to the new pricing framework.

Providers and other interested stakeholders are invited to make written submissions on the implementation approach and to respond to any or all of the questions raised in this paper.

Submissions will be considered as the NDIA, in partnership with DSS, further develops and refines its approach to implementing the NDIS in the supported employment sector.

Written submissions should be made via email to participant.employment@ndis.gov.au by **5pm Friday 20 December 2019**.

## About supported employment

Under the *National Disability Insurance Scheme [Supports for Participants] Rules 2013* the NDIS is responsible for employment supports including “frequent and ongoing supports that assist a person with disability to take part in work where the person has work capacity and is unlikely to be able to find or retain work in the open market, including with the assistance of employment services”.

In the context of the NDIS, supported employment is a subset of funded employment supports that participants can purchase if they need higher intensity or more frequent on-the-job supports to pursue their employment goals. Generally, these supports are greater than those provided by an employer through reasonable adjustments or by Disability Employment Services (DES).

Because the NDIS puts participant choice at the centre of decision-making, participants have choice about the provider of supports and the employment setting in which supports are delivered.

#### Figure 1. NDIS funded employment support categories

Supported employment supports can include, for example:

* assessments related to the work impact of a person’s disability
* job customisation
* on-the-job training and support with daily work tasks
* direct supervision and/or group-based support to enable meaningful participation at work
* physical assistance and personal care delivered in the workplace
* supports to manage disability-related behaviour or complex needs at work
* non face-to-face activities that are directly related to supporting a participant’s employment.

| Questions |
| --- |
| 1. How do ADEs currently define supports in the workplace? Do they provide disability supports that are not captured in the list above?
2. What activities do ADEs currently undertake that would count as non-face-to-face disability support?
 |

To date, NDIS funding for supported employees has been determined in two ways:

1. Supported employees transitioning to the NDIS have been assessed for one of four levels of funding. The levels are determined by an assessment tool called the Disability Maintenance Instrument (DMI)
2. New supported employees who have entered an ADE after NDIS transition have attracted the ‘average outlet price’ determined for the site at which they work.

The NDIA is introducing a new pricing framework to better align supported employment funding with the NDIS individualised planning principles, by taking into account the number of hours a participant works and the intensity of support they require. We also recognise that basing funding arrangements for new supported employees on ADE site averages does not reflect the individual support needs of employees.

The new pricing framework will give participants greater choice and control over how they spend their supported employment funding within their existing budgets. For example, a participant may choose to:

* continue using their employment support funding with their existing ADE
* use their employment support funding with a different ADE
* purchase employment supports from their current provider or a different provider to work in other employment settings.

## About the new pricing framework

The new pricing framework introduces an hours-based per-participant model that:

* reflects the actual hours of support provided to the participant at work, which may include non-face-to-face support time if appropriate; and
* will vary depending on the intensity of workplace supports a participant needs.

The table below sets out hourly prices for support at different times of the day and week. It means, for example, that an ADE which supports six participants with one support worker during weekday hours will receive $65.46 in total for each hour of support. If the support ratio provided is larger than 1:7, the ADE would charge each participant the 1:7 price.

#### Figure 2. New prices for supported employment providers

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Ratio of support worker to participants | Weekday | Saturday | Sunday | Public Holiday | Afternoon Shift | Night Shift |
| 1:1 | $54.95 | $74.79 | $96.62 | $120.44 | $60.41 | $61.50 |
| 1:2 | $28.53 | $38.45 | $49.36 | $61.27 | $31.26 | $31.80 |
| 1:3 | $19.72 | $26.33 | $33.61 | $41.55 | $21.54 | $21.90 |
| 1:4 | $15.31 | $20.27 | $25.73 | $31.69 | $16.68 | $16.95 |
| 1:5 | $12.67 | $16.64 | $21.00 | $25.77 | $13.76 | $13.98 |
| 1:6 | $10.91 | $14.22 | $17.85 | $21.82 | $11.82 | $12.00 |
| 1:7 | $9.65 | $12.48 | $15.60 | $19.01 | $10.43 | $10.59 |

*NB. These prices are subject to change as part of the NDIS annual price review.*

### Determining the right ratio of supports

The NDIA will not stipulate or mandate the ratio of support in a participant’s plan. Providers need to claim against a participant’s plan at the actual staff-to-participant ratio of support they provide in the workplace.

When determining the ratio of support, providers should consider the supervision and support that are provided directly to the participant during their time at work. This could include supports provided by:

* a direct supervisor
* a designated disability support worker
* co-workers (e.g. technical work tasks being overseen by a skilled co-worker)
* an on-site trainer
* an employment coach
* a personal care worker

Non-face-to-face time is an important component of service delivery and could include, for example, individualised planning, assessment, job design, creation of task prompts, writing reports, and updating file notes. If this time relates to a single participant, it would be charged at the 1:1 hourly rate.

It is important that ADEs undertake a detailed analysis of a participant’s typical supports in the workplace to accurately reflect the support provision. While it may seem administratively simple to divide total participants by total support staff to calculate a support ratio, this is not likely to result in fair remuneration for the range of supports delivered. Nor would it provide equity for participants, as some with lower support needs may end up cross-subsidising participants with higher support needs.

For example, “Bingly” ADE employs 53 people and typically has 4 support staff on the floor per day. The majority of participants are DMI 4 and the annual CBF is $805,136. Participants work an average of 23 hours per week. If Bingly assumed a blanket support ratio of 1:7+, its base annual claiming (over 48 weeks) would be **$564,640**.

However, Bingly decided to undertake a detailed evaluation of the actual range of workplace supports it provides. It developed a typical support profile for each participant, which included small group training (1:4 support) and 1:1 support for individual coaching, personal care, report writing, individual job design, workplace assessments and behaviour management. As a result, Bingly created annual service bookings for their 53 workers, with expected support income of **$914,122**.

| Questions |
| --- |
| 1. What defines a support worker in the employment context? What roles within your organisation provide direct supports to an employee with disability? Would you include peer-to-peer supports?
2. Are there indirect support roles that could be considered in calculating support ratios? If so, what are those roles and what support do these roles provide?
 |

The level of support a participant receives may vary from day-to-day. For example, a participant may have different jobs or tasks of varying complexity to complete across the week. This will dictate changes in support ratios.

To manage this potential variation, we recommend taking a pragmatic approach that ensures fair remuneration for the services delivered while minimising the administrative burden of tracking hour-by-hour fluctuations in support. This may involve identifying the pattern of support a participant requires during a typical week and charging on that basis.

The NDIA will run face-to-face information sessions and web-based interactive sessions to assist providers to understand how they might approach this consistent with their business models.

| Questions |
| --- |
| 1. In tracking the intensity of supports they provide, what could supported employment providers learn from organisations that claim hours-based services for community participation?
2. What practical steps could be taken to minimise any unreasonable administration burden associated with the pricing framework?
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### Claiming supports

From July 2020, providers will start claiming employment supports from a participant’s Core Supports budget. The NDIA is updating the claiming system to ensure this can happen.

If a participant needs additional time-limited capacity-building supports to pursue their employment goals, including career progression, providers will be able to claim this from the participant’s Capacity Building budget.

While the funding in a participant’s plan will be based on the best estimate of the support hours and support ratios the participant will require, providers will claim for the supports they actually deliver.

Supported employment providers will be able to charge for non-face-to-face time related to the disability support of the participant, even if the participant is not present in the workplace. The rules governing this are set out in the [NDIS Price Guide 2019-20](https://www.ndis.gov.au/providers/price-guides-and-information) (page 19).

Providers will also be able to claim for short-notice cancellations or ‘no shows’, according to the rules outlined on page 18 of the Price Guide.

When a participant’s plan is approved, service agreements between participants and providers should be updated to reflect what has been agreed to, and all costs should be clear to both parties. Service agreements should also be consistent with the corresponding service booking in the NDIS provider portal.

### Case studies

The following case studies provide examples of how to claim, taking into account plan funding and the levels of support delivered.

**Case study: Joseph**

Joseph currently works an average of 22 hours per week in his local ADE. Pre-NDIS, Joseph was assessed at DMI level 3. He works in the warehouse, assembling items for packing and distribution. Joseph works in a group of five employees, directly supervised by one staff member. Joseph also needs regular prompting, typically needing 1:1 support at the beginning of the day and after lunch to remind him of the work ahead and his responsibilities.

Joseph would also like to try different jobs in the ADE but to do that he needs to learn safety around machinery and receive 1:1 support for a period of time.

Under the current claiming arrangements, the plan contains DMI level 3 funding of **$11,892** per annum and Joseph’s employer is able, in most circumstances, to draw down the full amount for a year’s support provision.

Under the new pricing framework, Joseph’s NDIS plan funding will reflect the support needed to allow him to maintain his 22 hours per week of work and begin to explore alternative jobs. The NDIS planner would take into account:

* Joseph works 22 hours per week
* He is likely to need a reasonably high level of support, based on his previous DMI 3 assessment
* He wants to develop his skills and change jobs.

In order to diversify his work skills and learn new tasks, Joseph and his employer agree he will need 2-3 hours per week capacity-building to achieve his goal of learning safety around machinery and new job tasks. Joseph also needs regular 1:1 support for short periods of time, typically twice a day, to keep him engaged and on-track at work.

Joseph and his ADE employer agree to the following supports in the workplace:

* 16 hours per week @ $12.67 (ratio 1:5) per week = $202.72 per week
* 3 hours per week for skills development @ $59.03 per week (ratio 1:1 – Capacity Building Finding and Keeping a Job) = $177.09 per week
* 3 hours per week for worksite prompting @ $54.95 (ratio1:1) = $164.85 per week
* An average of 1 hour non-face-to-face time @ $54.95 = $54.95 per week - to document Joseph’s employment goal and pathway, measure and monitor his progress and plan and design workplace supports (visual prompts, easy-read instructions etc.) for his new role
* Joseph’s committed funds for 48 weeks work = **$28,781.28**.

**Case study: Vanessa**

Vanessa currently works an average of 16 hours per week in her local ADE. Before entering the NDIS, Vanessa was assessed at DMI level 4. She works three days (12 hours per week) in a commercial kitchen and one day (4 hours per week) in a work crew that caters at a local school canteen. Vanessa is transported to her jobs by her employer. Vanessa is happy in her work and has a very settled work routine.

Under the current claiming arrangements, Vanessa’s plan contains DMI level 4 funding of **$15,780** per annum and her employer is able, in most circumstances, to draw down the full amount for a year’s support provision.

Under the new pricing framework, Vanessa’s NDIS plan funding will allow her to maintain her 16 hours per week work. The planner would take into account:

* Vanessa works 16 hours per week, in two different jobs
* She is likely to need a high level of support based on her previous DMI 4 assessment.

Vanessa and her ADE employer agree to the following supports in the workplace:

* 12 hours per week @ $15.31 (1:4 ratio) per week = $183.72 per week
* 4 hours per week @ $19.72 per week (1:3 ratio) = $78.88 per week
* An average 30 minutes per week non-face-to-face time @ 54.95 per hour = $27.47 per week - to undertake periodic reviews of her work role and support requirements and offer opportunities for her to develop new goals at work
* Vanessa’s committed funds for 48 weeks work = **$13,923.36**
* Vanessa and her employer may also agree on payment for travel, as per the NDIS Price Guide information on travel.

**Note:** While the amount claimed is less than previous funding, it reflects the actual supports provided to Vanessa in the workplace. If Vanessa’s circumstances change or she would benefit from increased supports in the workplace, there is scope within the plan funding to accommodate this.

**Case study: Sam**

Sam currently works an average of 15 hours per week over three days for his local ADE. Before entering the NDIS, Sam was assessed at DMI level 4. He works in transfer station recycling, sorting goods for sale and providing customer service. Sam would like to increase his work hours and is interested in building his customer service skills. Sam works with a group of 17 employees in the recycling market, directly supervised by one staff member. He is relatively independent in his role; however, he requires personal care in the workplace at meal time and to manage his personal care needs.

Under the current claiming arrangements, Sam’s plan contains DMI level 4 funding of **$15,780** per annum and his employer is able, in most circumstances, to draw down the full amount for a year’s support provision.

Under the new pricing framework, Sam’s NDIS plan funding will allow him to maintain his 15 hours per week work, with provision to increase his hours of work and learn new skills. The planner would take into account:

* Sam works 15 hours per week
* He would like to work 22 hours per week
* He would like to explore different work options, enjoying the customer contact in his current role
* He is likely to need a high level of support based on his previous DMI 4 assessment.

Sam and his ADE employer agree to the following supports in the workplace:

* 15 hours per week @ $9.65 per week = $144.75 per week
* An additional 7 hours per week @ $19.72 for 6 months, assuming he is able to increase his hours. Higher supports are likely when commencing a new job so 1:3 support is agreed = $138.04 (for 24 weeks)
* 2 hours per week for skills development @ $59.03 per week (ratio 1:1 – Capacity Building Finding and Keeping a Job) = $118.06 per week
* 3 hours per week @ $54.95 for personal assistance in the workplace = $164.85 per week
* Sam’s committed funds for 48 weeks = $**23,****840.64**.

## Supporting ADEs through the transition

The new supported employment pricing framework represents a significant adjustment for ADEs. The NDIA recognises that some ADEs are well-prepared to move to the new framework, while others may need extended time to make changes to their business and support models.

To help facilitate a smooth introduction, the new pricing framework will be implemented in stages.

The new support items and price limits will come into effect from 1 July 2020, commencing as the new financial year begins. This will give all ADEs time to understand the implications of the new pricing for their organisation and systems before implementing it.

The new arrangements will be reflected in participants’ plans as they are reviewed: that is, the funding amounts put in plans under the new approach will occur as participants reach their scheduled plan review date.

In recognition of differences in NDIS readiness across the sector, **ADEs will have choice** about when they start to use the new support items and are subject to the new price limits. They can adopt the new pricing framework on 1 July 2020, or continue with the existing NDIS arrangements that mirror Case Based Funding (CBF) for a period up to 18 months.

ADEs that opt to continue with the existing NDIS CBF arrangements will:

* continue to claim using the existing ADE support items (not the new items) – and hence will not be subject to the new pricing
* be expected to develop a plan outlining how they will make the transition to the new pricing framework.

Further information to assist ADEs’ decision-making will be available over coming months. The NDIA is keen for ADEs to make well-informed decisions about when and how they transition to the new pricing framework and will work with them to support this process.

| Questions  |
| --- |
| 1. The extended implementation period is designed to support ADEs that need additional time to make the transition to the new pricing framework. What would assist your organisation to prepare for transition?
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### Looking to the future

Over time the new pricing framework should assist businesses to expand and diversify the supported employment opportunities available to NDIS participants.

While there are currently around 20,000 NDIS-funded supported employees, we expect that more than 100,000 NDIS participants may need supported employment supports to enable them to participate in work.

Under the new pricing framework, the provider of employment supports no longer needs to be the employer of a participant. This means that support can be used in any employment setting including ADEs, social enterprises, self-employment and other regular workplaces.

As disability-confident employers and experienced providers of on-the-job employment supports, ADEs are uniquely positioned to transform their business models and continue as employers of choice. They are also well-positioned to apply their experience and expertise to support participants in an expanded range of employment settings.

## Next steps

The NDIA recognises the importance of the new pricing framework being administratively simple and workable for providers and will work with the sector to achieve this.

We also understand that employment supports within an ADE work setting are not as easily defined as supports in other disability services. For example, supervisors often combine a production role with a support role.

With the support of DSS, we have consulted with ADEs and peak bodies in the lead up to the pricing announcement. This included working with 13 ADEs to undertake preliminary modelling and consultation, supported by National Disability Services (NDS) as the peak body for the ADE sector. The group of ADEs included small, medium and large enterprises across all states and territories. In total, these ADEs support more than 25% of the supported employees currently employed.

This information paper and the questions it asks continue this important consultation work.

In addition to this paper, the NDIA, in partnership with DSS, are committed to working with the sector to understand the implications of the new pricing framework and resolve issues that might arise through the transition. This will include:

* individual and small group conversations
* forums, workshops and online webinars and
* engagement with peak bodies.

Information about upcoming events will be emailed directly to ADEs. We will also continue to share information via the Supported employment webpage on the [NDIS website](https://www.ndis.gov.au/understanding/supports-funded-ndis/supported-employment) and the [NDIS Provider eNewsletter](https://ndis.us17.list-manage.com/subscribe/post?u=5c7501f7b805c04081542f275&id=141f5735d7).

Submissions and additional questions about supported employment pricing are also welcome via email at participant.employment@ndis.gov.au.

We plan to release the next level of guidance and information in early 2020, once we have an opportunity to review and absorb the feedback and responses we receive.

## Frequently asked questions

### How was the pricing framework developed?

The NDIA has responsibility for administering the NDIS, and with the NDIS Quality and Safeguards Commission, regulating the markets for disability goods and services.

As part of its market stewardship role, the NDIA sets the maximum price limits for some supports that can be charged by registered providers. Price setting is routine business for the NDIA and price regulation activities and decisions are guided by the [Pricing Reference Group](https://www.ndis.gov.au/about-us/reference-group-updates/pricing-reference-group) (PRG).

The new supported employment pricing framework has been broadly aligned with pricing for social and community participation supports in that is reflective of hours and intensity of support and is based on the cost model for supports delivered by Disability Support Workers.

This model considers the cost of delivering a billable hour of support taking into account all of the costs associated with every billable hour including:

* base pay, shift loadings, holiday pay and salary on costs
* supervision costs
* utilisation (non-billable activities)
* corporate overheads and
* margin associated with being a support provider.

Further information about NDIS pricing, including the broader pricing strategy and cost model can be found on the [NDIS website](https://www.ndis.gov.au/providers/price-guides-and-information).

### Does the revised pricing framework include other subsidies and supplements previously provided by DSS?

NDIS pricing is designed to fund the cost of support provision. While the NDIS does not fund subsidies and grants previously paid by DSS (e.g. Existing High Cost Worker’s Payment, SACs Supplement or Temporary Viability Grants) it does pay a remote loading for services that are delivered in remote or very remote areas.

Under DSS, the Rural and Remote Supplement was based on the Accessibility/Remoteness Index of Australia (ARIA) Classification and paid as a monthly supplement amount.

Under the NDIS, pricing for services and supports delivered in remote or very remote areas are based on the Modified Monash Model (MMM) and enable claiming of a higher hourly rate depending on the location of service provision.

Further information on regional, remote and very remote areas can be located in the [NDIS Price Guide](https://www.ndis.gov.au/providers/price-guides-and-information) (pages 10-11).

### How is plan funding determined?

NDIS plan funding is based on the principle of reasonable and necessary decision making under the NDIS Act. In determining the reasonable and necessary plan funding for employment, the planner will take into account factors including the participant’s current and future employment goals, the number of hours the participant is working (or would like to work), the impact of their disability and the level of support or supervision required to engage meaningfully and complete their work tasks.

Plan funding is informed by an estimate of the person’s on-the-job support requirements. DSS previously used the Disability Maintenance Instrument (DMI), however the DMI has not been actively used for transitioned NDIS participants.

The NDIA will develop a replacement method over the coming 12 months. In the interim we’ll continue to use the most relevant information available to assess a person’s support requirements including the DMI.

### What is a reasonable and necessary support?

The NDIS funds a range of supports and services. In order to be considered reasonable and necessary, a support or service:

* must be related to a participant’s disability
* must not include day-to-day living costs not related to a participant’s disability support needs
* should represent value for money
* must be likely to be effective and work for the participant
* should take into account support given to a participant by other government services, family, carers, networks, and the community
* most appropriately funded by the NDIS.

A participant’s reasonable and necessary supports take into account any informal supports already available (informal arrangements that are part of family life or natural connections with friends and community services), as well as other formal supports, such as health.

These supports help participants to:

* pursue their goals, objectives and aspirations
* increase their independence
* increase community and workplace participation, and
* develop their capacity to actively take part in the community.