National Disability Insurance Scheme

Review of Supported Independent Living Price Controls

Issues Paper

August 2020

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**Issues Paper**

The National Disability Insurance Agency (NDIA) has released this Issues Paper seeking inputs to inform the cost parameters required to estimate the fully loaded cost of the delivering an hour of personal care in a shared living arrangement.

This issues paper invites submissions from providers of SIL services and impacted stakeholders on a range of issues which will be considered in developing price limits for SIL services. Individuals and organisations should not feel that they are restricted to comment only on matters raised in the Issues Paper.

**Key date**

Due date for submissions: **Sunday 25 October 2020, 11:59pm AWST**

Submissions can be lodged by email to: Pricing@ndis.gov.au

**Contact details for administrative and other matters:**

NDIS Contact Centre

Monday to Friday, 8am – 8pm (local time)

Phone: 1800 800 110

Email: enquiries@ndis.gov.au

Website: [Have your say on the NDIS website](https://www.ndis.gov.au/community/have-your-say/SIL-Cost-Model-Review)

**Further information**

Further information on pricing in the National Disability Insurance Scheme can be found at the [NDIS website](https://www.ndis.gov.au/providers/price-guides-and-pricing).

**Terms that we use**

| NDIA | National Disability Insurance Agency |
| --- | --- |
| NDIS | National Disability Insurance Scheme |
| SIL | Supported Independent Living |

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#

# Introduction

One of the principal objectives of the National Disability Insurance Scheme (NDIS) is for people with disability to exercise choice and control over how, and with which providers, they spend their available budgets. The role of pricing in the NDIS is therefore very important. Prices, or more precisely participants’ choices in response to the prices they face in the market, reflect the preferences and relative values that different participants place on different types of supports. The aggregation of these individual responses in turn signals to providers the quantity and mix of supports to supply. Prices also affect the purchasing power of participants. Higher prices reduce the supports participants can purchase within a given support budget. Prices also affect the total costs of the NDIS and therefore its financial sustainability, and the allocation of resources to the NDIS (and therefore possible production), relative to other sectors. Pricing can also affect providers’ choices, including by providing incentives: for entering the market; for upskilling and right-skilling; for innovation; and for improvements in service quality and outcomes.

As the markets for disability goods and services develop and operate more effectively, the National Disability Insurance Agency (NDIA), as market steward for the NDIS, will be able to be less interventional. However, deregulation will necessarily occur at different points in time for different markets and may not be feasible in some cases. Currently, the NDIA varies its approach to the regulation of prices between:

* No regulation (deregulated markets): this applies in cases where markets are highly competitive – for example, transport.
* The imposition of price limits: these represent a maximum allowable price payable by participants for types of supports. This approach applies in a significant number of markets, which are still developing and growing, such as those for attendant care.
* Quotable supports: in which participants are expected to obtain quotations from suppliers to provide to the NDIA as part of verifying that prices are fair and reasonable. This approach typically applies in the case of highly specialised, differentiated supports that may not have a high level of competition – for example, assistive technology.

The NDIS Disability Support Worker (DSW) Cost Model is one methodology that the NDIA uses to inform its pricing decisions for those supports delivered by Disability Support Workers on which it imposes price limits. A copy of the NDIS DSW Cost Model is [on the NDIS website](https://www.ndis.gov.au/providers/price-guides-and-pricing). A schematic overview of the Model is at Appendix A.

On 1 July 2020, the NDIA replaced the previous quotation pricing arrangements for Supported Independent Living with price limits based on ‘assistance with self-care’ supports. These changes made for Supported Independent Living were designed to increase transparency and equity of how SIL supports are funded, as well as to simplify previously administratively complex processes.

The NDIA is committed to improving transparency and fairness in its processes and decision -making, and is conducting a review of the price controls for Supported Independent Living with the outcomes to come into effect in a future NDIS Price Guide. The Review is tasked with suggesting improvements to the structure of the NDIS Disability Support Worker Cost Model, including:

* identifying whether there are different costs that arise in the delivery of attendant care supports in a shared living arrangement that do not arise in other settings; and
* quantifying any differences that may be required in the key parameters of the NDIS Disability Support Worker Cost Model for attendant care supports in sharing living arrangements, given the different cost structures of delivering supports in shared living arrangements compared to other settings.

The NDIA is seeking input from the sector and interested parties to this Review to inform the cost parameters required to estimate the fully loaded cost of delivering an hour of SIL supports in a shared living arrangement.

This review of prices for SIL supports **is not about reducing funding for reasonable and necessary SIL supports**. Neither is it about the volume of supports that participants receive. The purpose of this review is simply to seek your feedback on whether the current price limits per hour of SIL support delivered are appropriate.

This review is also only a small component of a much larger ongoing program to make improvements to the way participants receiving supports in shared living arrangements are supported. The wider improvements to SIL will seek to improve participant choice and control, simplify NDIA processes, and address pressures to Scheme sustainability. Improvements will be made through a series of changes, and will undertake a series of consultations with participants, providers and the wider sector as these changes are considered.

## Definitions

The Price Guide defines SIL as follows:

“These support items provide assistance with, or supervision of, tasks of daily life in a shared living environment, with a focus on developing the skills of each individual to live as autonomously as possible. The support is provided to each person living in the shared arrangement in accordance with their need. Support Independent Living does not include rent, board and lodging or other day-to-day usual living expenses such as food and activities. It also does not include the capital costs associated with a participant’s accommodation.”

SIL is similar to attendant care in many ways, the main differences being that SIL is intended for participants who require 24/7 care and live in shared living arrangements with other NDIS participants. (There is a small amount of SIL provided outside of group houses, as a legacy of previous state schemes.)

Before July 2020, a SIL quote would cover a whole year, whereas attendant care is charged by the hour when it was delivered.

The NDIS Price Guide can be found at: [on the NDIS Price Guides and Pricing webpage.](https://www.ndis.gov.au/providers/price-guides-and-pricing#ndis-price-guide-2020-21-effective-1-july-2020)

## Responding to the Review

The NDIS Disability Support Worker Cost Model estimates the efficient 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; leave pay; salary on costs; supervision costs; utilisation (non-billable activities); employee allowances; corporate overheads and margin. These estimates are the basis of the price limits set by the NDIA for supports delivered by Disability Support Workers.

In adapting the NDIS Disability Support Worker Cost Model to set price limits for SIL services, there are a number of aspects of the Cost Model that may need to be adapted or refined. The following sections outline the key areas and invite feedback from providers on a range of targeted questions. Some of these areas relate to differential supply costs for delivering non-SIL compared to SIL services, while other areas relate to cost drivers that are unique to providing SIL services.

Providers are also welcome to provide feedback on any other issues that they consider relevant to this review. Providers are encouraged to refer to or send in data and/or evidence to support statements that are made in responding to each/any of the questions. This includes any applicable cost models for relevant SIL services. Information marked as commercial‑in‑confidence will not be published.

Submissions can be lodged by email to: Pricing@ndis.gov.au . Submissions must be lodged by Sunday, 25 October 2020, 11:59pm AWST.

### Confidential submissions

Submissions to the Agency that are marked as commercial‑in‑confidence will not be published.

The NDIA has engaged Deloitte Access Economics to assist the Agency in undertaking this review. If preferred, respondents may give confidential information, including commercial-in-confidence data/information, directly to the team from Deloitte Access Economics at SILpricingreview@deloitte.com.au. This information will not be provided to the NDIA unless the submitter gives their consent, and any reference to this information by Deloitte in their reports to the Agency will maintain the anonymity of the source.

# Issues for Participants

Under the quotable support arrangements for Supported Independent Living that were in place before 1 July 2020, participants did not always have a high degree of control over the services offered by the group house in which they lived.

The Agency wants to empower participants to have more involvement in selecting their reasonable and necessary supports and who supports them to undertake daily activities in their home. We also want to simplify the process for providers. The changes that were made to the pricing arrangements on 1 July 2020 for Supported Independent Living were designed to increase transparency and equity of how SIL supports are funded, as well as to simplify previously administratively complex processes. In addition to the implementation of price limits, operational changes and guidance were also released to increase participant involvement and understanding of their SIL supports.

The aim of these consultations is to understand how the move from quotable supports to price limits may impact on participant experience of engaging service providers and receiving services within a Supported Independent Living environment, and the potential impact that price limits may have on improving participant choice and control.

Your views will be considered in the review and reflected in reports developed during the process.

1. What do you consider are the potential advantages or disadvantages for participants with regards to this new approach to Supported Independent Living?
2. Are there particular factors you think the Agency should be aware of regarding how Supported Independent Living and related supports are defined, costed and charged to participants?

# Issues for Providers

## Wages and on-costs

The NDIS Disability Support Worker Cost Model recognises that wages and on-costs are the largest cost driver for providing disability support services. The NDIA is therefore seeking detailed evidence on whether there are material differences between the base hourly wages paid to, and the on-costs associated with, SIL workers and non-SIL workers.

Base hourly wage refers to the minimum hourly rate of pay received by a worker, not including any shift or leave loading, superannuation or allowances.

Salary on-costs refers to costs such as superannuation, workers compensation premiums, payroll tax, and employee allowances.

### Base Wages

1. Is there a material difference in the base hourly wages paid to workers delivering SIL services compared to workers delivering non-SIL services?

Does this reflect different levels of required training, the nature of the work, or some other reason? How large is this difference?

### On-costs

1. Are salary on-costs different for workers delivering SIL services compared to workers delivering non-SIL services?

What aspects of each service type necessitate this difference? How large is this difference?

### Overtime

1. Do you observe significant differences in the rate of overtime costs between staff delivering SIL services compared to non-SIL services?

What aspects of each service type necessitate this difference? How large is this difference?

### Leave costs

1. Are leave costs different for workers delivering SIL services compared to workers delivering non-SIL services?

What aspects of each service type necessitate this difference? How large is this difference?

### Enterprise Bargaining Agreements (EBAs)

1. Does your organisation currently operate an WBA for some or all of its employees:

Do the EBA conditions differ for workers delivering SIL services compared to non-SIL services?

Which conditions are different, and why? How large is this difference?

## Workforce mix

The NDIS Disability Support Worker Cost Model recognises that the costs of employing casual and permanent workers are different. The NDIA is therefore seeking detailed evidence on whether there are material differences in these arrangements between SIL workers and non-SIL workers.

### Casual staff

1. Is there a material difference in the proportion of employees employed on a casual basis between employees providing SIL and non-SIL services?

If there is a difference, which aspects of SIL service delivery are suited to more (or fewer) permanent employees relative to casual employees? How large is this difference?

1. What is the average number of hours per week that a casual staff member is employed in your organisation?
2. Is there a material difference in the average number of hours per week that a casual staff member is employed in your organisation between employees providing SIL and non-SIL services?

If there is a difference, how large is this difference?

### Part-time staff

1. Is there a material difference in the proportion of employees employed on a part-time basis between employees providing SIL and non-SIL services?

If there is a difference, which aspects of SIL service delivery are suited to more (or fewer) part-time permanent employees relative to full-time permanent employees? How large is this difference?

1. What is the average number of hours per week that a part-time staff member is employed in your organisation?
2. Is there a material difference in the average number of hours per week that a part-time staff member is employed in your organisation between employees providing SIL and non-SIL services?

If there is a difference, how large is this difference?

### Agency staff / temporary replacement staff

1. Are temporary replacement staff engaged more or less often for SIL services?

If there is a difference, what are the key drivers of this difference? How large is this difference?

1. Is the cost of the temporary replacement staff different between SIL services and non-SIL services?

If there is a difference, what are the key drivers of this difference? How large is this difference?

### Level of staff

1. What level of worker do you use for standard vs higher requirements, and when do you decide if a participant requires higher-intensity support?

## Utilisation

The NDIS Disability Support Worker Cost Model recognises that staff need to spend some working time undertaking non-billable work, including breaks and training. The NDIA is therefore seeking detailed evidence on whether there are material differences in these arrangements between SIL workers and non-SIL workers.

### Training requirements

1. Do training requirements – and associated costs – for workers differ between SIL services and non-SIL services?

If there is a difference, what are the key drivers of this difference? What aspects of delivering SIL services require more (or less) staff training? How large is this difference?

1. Do initial training requirements –­ and associated costs – for new workers differ between SIL services and non-SIL services?

If there is a difference, what are the key drivers of this difference? What aspects of delivering SIL services require more (or less) staff training? How large is this difference?

### Other non-billable activities

1. Is there a material difference in the non-direct care activities that staff in SIL services, compared to staff in non-SIL services, are required to undertake (for example: handover between shifts and/or note-taking specific to the individual).

If there are differences, what are the key drivers of these differences? How large are these differences?

## Supervision cost

The NDIS Disability Support Worker Cost Model recognises that staff require direct supervision of the care that they provide, as well as management support. They key parameters in the Cost Model associated with supervision are the wages and conditions of the supervisor, and the supervision ratio. The NDIA is therefore seeking detailed evidence on whether there are material differences in these arrangements between SIL workers and non-SIL workers.

### Supervisor wages and on-costs

1. Is there a material difference in the wages and on-costs of supervisor in SIL services compared to non-SIL services?

If there is a difference, what are the key drivers of these differences? How large is the difference?

### Supervision ratio

1. Is there a difference in the number of workers per supervisor for SIL services compared to non-SIL services?

If there is a difference, what aspects of service delivery mean that more or fewer supervisors are required? How large is the difference?

## Overheads

The NDIS Disability Support Worker Cost Model that providers incur a number of costs (“overheads”) that not directly attributable to worker salaries and on-costs. The NDIA is therefore seeking detailed evidence on whether there are material differences in these costs between SIL workers and non-SIL workers.

### Corporate overheads

1. Is there a difference in the level of corporate overheads that are incurred in delivering SIL services compared to non-SIL services?

If so, what aspects of the SIL operating environment drive this difference? How large is the difference?

### Turnover rates

1. Do staff turnover rates differ between staff who deliver SIL services compared to non-SIL services?

If so, what aspects of the SIL operating environment drive this difference? How large is the difference?

1. What costs are incurred when staff turnover? Do these costs differ between staff who deliver SIL services compared to non-SIL services?

If so, what aspects of the SIL operating environment drive this difference? How large is the difference?

## Supply costs specific to SIL services

The NDIA recognises that there may be a number of supply cost considerations that are specific to delivering SIL services. The NDIA is therefore seeking detailed evidence on these costs and their drivers.

### Vacancy management

1. What is the average vacancy rate across your properties?
2. Is the vacancy rate of a property influenced by factors such as the complexity of participants in each property, the rurality of the property, and the number of rooms in the property?
3. What factors are considered in optimising the number of participants per SIL property? What impact does this have on costs?
4. What approach is used to optimise vacancy levels across your properties?

### Vacancy costs

1. How do vacancies impact the costs of delivering SIL services?

Please quantify these costs for your organisation?

1. Some costs associated with vacancies can be considered to be “fixed” – for example, an inactive sleepover for a three bedroom house has the same cost whether there are two or three participants in the house. Other costs can be considered to be more “variable” ­– for example, the vacancy costs of a three bedroom house with three residents each receiving 1:1 supports can, in general, be managed through change in rostering.

What proposition of vacancy costs are fixed or variable in your organisation?

### Participant complexity

1. What impact does participant complexity have on the costs of delivering supports in the SIL environment?
2. What approach is used to optimise the allocation of participants with different support needs across your properties?

### Shift costs

1. How many shifts are provided in a 24-hour period? To what extent is the number of shifts driven by factors such as the number of participants in the property, the mix of support needs within the property, or other factors?
2. How do sleepover and crossover shifts impact on supply costs?

### Establishment costs

1. On an annual basis, how often is a new participant established in a property?
2. Is there a material difference in the costs of establishing a participant between SIL and non-SIL services?

If so, what aspects of the SIL operating environment drive this difference? How large is the difference?

How is this influenced by factors such as the complexity of the participant’s needs, the existing number of participants and/or rooms within a property, or other factors?

### Location differences

1. Do costs for delivering SIL services differ significantly between metropolitan centres versus regional, rural and remote areas? If so, what is the average cost differential, and what elements of the cost drive this difference?

### Other supply costs

1. In delivering SIL services, what proportion of Disability Support Worker time is spent on providing support to participants? Note that this includes time directly interacting with participants, as well as tasks which do not involve direct interaction with participants such as preparing meals or sleepover shifts.

## Other costs

1. Are there any additional costs incurred in non-SIL or SIL services, which are not currently captured in the Cost Model?

Please provide details.

1. What additional costs are being incurred as a result of COVID-19?

Please provide details.

# Appendix A: Schematic overview – NDIS Disability Support Worker Cost Model



# Appendix B: Current arrangements

The Supported Independent Living support items in the NDIS Support Catalogue provide participants with assistance with, or supervision of, tasks of daily life in a shared living environment, with a focus on developing the skills of each individual to live as autonomously as possible. The support is provided to each person living in the shared arrangement in accordance with their need.

These support items can be delivered to individual participants subject to the rules set out in the *NDIS* *Price Guide*.

As well as direct service provision, these support items can be used to claim for Non-Face-to-Face Support Provision; Provider Travel and Short Notice Cancellations. Providers of these supports can also claim for the non-labour costs Provider Travel.

Different price limits, as set out in the following Table, apply depending on the Time of Day and Day of Week on which the support is delivered, and whether the supports are High Intensity Supports.

|  |  |  | Price limits |  |  |
| --- | --- | --- | --- | --- | --- |
| Item Number | Item Name and Notes | Unit | National | Remote | Very Remote |
| 01\_801\_0115\_1\_1 | Assistance in Supported Independent Living - Standard - Weekday Daytime | Hour | $54.30 | $76.02 | $81.45 |
| 01\_802\_0115\_1\_1 | Assistance in Supported Independent Living - Standard - Weekday Evening | Hour | $59.77 | $83.68 | $89.66 |
| 01\_803\_0115\_1\_1 | Assistance in Supported Independent Living - Standard - Weekday Night | Hour | $60.87 | $85.22 | $91.31 |
| 01\_804\_0115\_1\_1 | Assistance in Supported Independent Living - Standard - Saturday | Hour | $76.18 | $106.65 | $114.27 |
| 01\_805\_0115\_1\_1 | Assistance in Supported Independent Living - Standard - Sunday | Hour | $98.06 | $137.28 | $147.09 |
| 01\_806\_0115\_1\_1 | Assistance in Supported Independent Living - Standard - Public Holiday  | Hour | $119.94 | $167.92 | $179.91 |
| 01\_811\_0115\_1\_1 | Assistance in Supported Independent Living - High Intensity - Weekday Daytime* Must be a **high intensity support**.
 | Hour | $58.68 | $82.15 | $88.02 |
| 01\_812\_0115\_1\_1 | Assistance in Supported Independent Living - High Intensity - Weekday Evening * Must be a **high intensity support**.
 | Hour | $64.59 | $90.43 | $96.89 |
| 01\_813\_0115\_1\_1 | Assistance in Supported Independent Living - High Intensity - Weekday Night* Must be a **high intensity support**.
 | Hour | $65.77 | $92.08 | $98.66 |
| 01\_814\_0115\_1\_1 | Assistance in Supported Independent Living - High Intensity - Saturday* Must be a **high intensity support**.
 | Hour | $82.32 | $115.25 | $123.48 |
| 01\_815\_0115\_1\_1 | Assistance in Supported Independent Living - High Intensity - Sunday* Must be a **high intensity support**.
 | Hour | $105.96 | $148.34 | $158.94 |
| 01\_816\_0115\_1\_1 | Assistance in Supported Independent Living - High Intensity - Public Holiday* Must be a **high intensity support**.
 | Hour | $129.61 | $181.45 | $194.42 |
| 01\_832\_0115\_1\_1 | Assistance in Supported Independent Living - Night-Time Sleepover  | Each | $231.06 | $323.48 | $346.59 |