ndis

Market Insights

Issue 1, November 2017

Assistive Technology

13,000+
participants received AT from

800+
registered providers who delivered

$48 million+
of supports and services

Source: Actuarial data (1 July 2016 – 30 June 2017).

The NDIS is growing and changing the Assistive Technology market

Assistive Technology (AT), ranging from high tech to low tech, promotes greater independence and improves the participation of people with disability in the community and workforce.

This Market Insight offers information designed to help providers understand consumer demand for AT in the NDIS and identify potential opportunities for business growth across geographic regions and product groups.

The NDIS AT market is forecast to reach $1 billion by full scheme in 2020.[1] About 3% of funds expended in the financial year 2016–17 were for AT. As more participants enter the NDIS, demand for AT will increase.

Participants can buy a wide range of AT products and services with their NDIS budget, giving them choice and purchasing power. This change in market dynamics is expected to drive improvements in AT service quality and innovation.

Key points

- Participants have greater choice and control over their AT purchases
- Purchasing patterns across AT product groups are emerging
- Opportunities for business growth exist across geographic regions and product categories.

"We've extended our showroom, when participants walk in they want to see what's available."

Mobility equipment provider

Full scheme progress

$0.8b	$1.5b	$5.7b	$12.5b	$21b
2014-15	**2015-16**	**2016-17**	**2017-18**	**2019-20**

Current progress

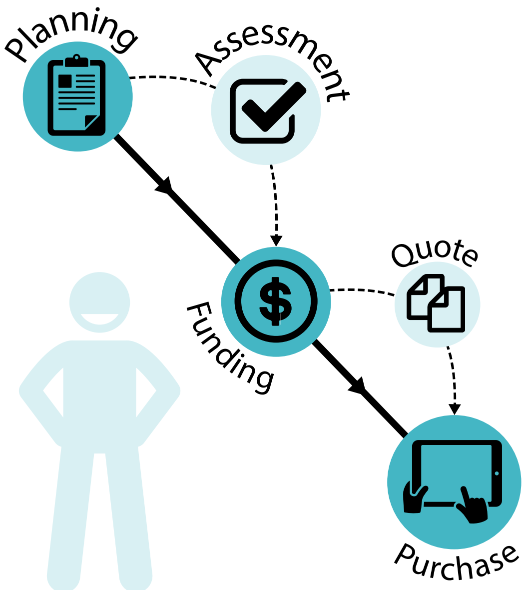
Participants have greater choice and control over purchases

Business growth in the AT industry has historically been driven by the awarding of long-term government contracts for the provision of AT supports to people with disability.

As the NDIS rolls out, the role of government as an intermediary will significantly reduce. Choice and purchasing power will shift to NDIS participants, driving greater competition, which can stimulate innovation and create incentives for providers to be more responsive to the needs and preferences of users.

In the NDIS AT purchasing process, participants can choose their AT provider. Some purchases require quotes when it is not possible to determine the AT requirements at the assessment stage or when information about reasonable prices is incomplete. The current quoting process has resulted in delays in quote approvals and payments. Action is being taken to address this and, over time, the number of items requiring quotes will decrease.

Figure 1. Current participant purchasing process for AT



"I had been using the same wheelchair for 22 years. I run my own business and my old wheelchair was held together with dental floss. I needed something more reliable to get to the meetings I needed to without worrying about it falling apart.

I've now bought a wheelchair that is not only reliable but comfortable. I didn't think comfortable wheelchairs existed! It's even more comfortable than my office chair and I can use it all day long without getting sore."

NDIS participant

Purchasing patterns are emerging

About one in five participants who have activated their plan purchased AT. These participants are making better use of their NDIS AT budget than in the past.

Participants buy a variety of AT products. In 2016–17, personal mobility equipment and care product groups accounted for over 70% of AT expenditure. The next largest product groups are custom prosthetics and home modifications (Table 1).

The mix of products within product groups can be broad and AT purchasing patterns are dictated by the personal need for an item and the nature of the product. Certain personal care products might be purchased weekly, while more expensive products like powered wheelchairs might only be purchased every five years or more, and home or vehicle modifications will be purchased even less frequently.

During 2016–17, NDIS participants purchased over 100 different types of personal mobility items; some of these were much more popular than others. New purchasing trends are expected to emerge as participants and assessors become aware of the full range of available items and providers develop innovative options to support participant goals.

Table 1. Participant spend 2016–17 by AT product group

AT product groups	% AT spend	Most commonly purchased products
Personal mobility equipment	38%	• Powered and manual wheelchairs • Four-wheel walkers
Personal care products	34%	• Continence packages – adult or child
Custom prosthetics	8%	• Ankle orthoses • Foot orthoses
Home modifications	8%	• Bathroom modification – minor, structural and extensive
Vehicle modifications	4%	• Car mounted hoists for wheelchair • Adapted a car for a wheelchair passenger
Communication equipment	3%	• Customised tablets • Communication software
Vision equipment	2%	• Guide dogs • Image enlarging video systems
Recreation equipment	1%	• Tricycle adaptations • Quadricycles • Hand propelled bike adaptations
Hearing equipment	<1%	• External components for hearing implants • TV device for hearing assistance • Personal amplifiers
Household equipment	<1%	• Environmental control systems & software • Alarms • Door bells

Source: Actuarial data (1 July 2016 – 30 June 2017).

People with intellectual disability account for 20% of AT expenditure

People with intellectual disability are the largest group of NDIS participants and account for the highest proportion (20%) of AT expenditure. People with cerebral palsy, who account for 5% of active NDIS participants, account for the next highest proportion (18%) of AT expenditure.[2]

Table 2. Participant spend 2016–17 by participant primary disability type

Disability type	% AT spend
Intellectual disability	21%
Cerebral palsy	18%
Other neurological	15%
Other physical	14%
Autism	7%
Spinal cord injury	6%
Multiple sclerosis	6%
Acquired brain injury	4%
Stroke	3%
Visual impairment	3%
Other	1%
Psychosocial disability	1%
Hearing impairment	1%
Other sensory or speech	<1%

Source: Actuarial data (1 July 2016 – 30 June 2017).

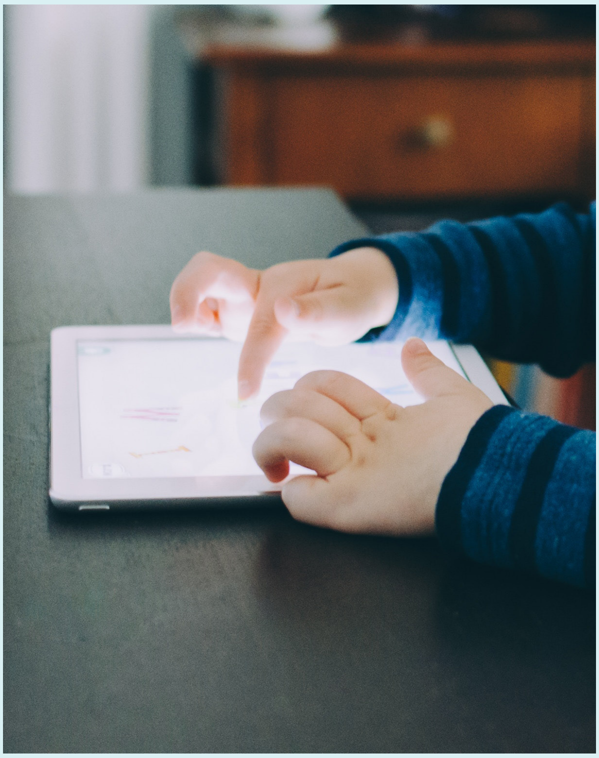
The number of suppliers is growing

In 2013, prior to the NDIS, it was estimated there were between 300 and 500 AT suppliers, not including the several thousand general retailers, such as chemists, offering AT products.[3]

Across Australia, about one in three registered NDIS providers are in the AT sector. Registered providers of AT grew by 38% in the quarter to 30 June 2017 and now number over 3,250 unique businesses. On average, these providers are registered for 1–2 AT product groups.

NDIS participants who self manage their budget can purchase their AT from a supplier of their choosing, including AT providers who may not be registered for the NDIS.

Some AT suppliers service older people and people with a disability not limited to NDIS participants. This highlights the diversity in the AT market.



"Participants will shop around to find not only the right product, but the right relationship with a provider so they get the right outcomes."

Communication equipment provider

There are opportunities for growth across regions and product groups

NDIS participants can buy their NDIS supports from any registered NDIS provider that delivers value for money (or from other suppliers, if self-managing), including those located in another state or territory.

Of the AT providers servicing more than one participant, over 30% are benefiting from the national market by operating in more than one state or territory, and more than 80% have sold products to participants in more than one local government area.

Table 2 shows the pattern of AT expenditure by state and territory. The rollout schedule and participant charactertistics are impacting purchasing trends. For example, the greater amount of communication equipment sold in South Australia is likely a result of the accelerated entry of children into the NDIS in that state. NSW and Victoria are better indicators of expenditure patterns overall as they cover all demographics.

Providers can look for opportunities to take advantage of the progressive rollout of the $22 billion NDIS which, over the next two years, will see the number of participants grow to 460,000.

Table 3. Participant spend 2016–17 across AT product groups by state or territory

AT product groups	NSW	VIC	QLD	WA	SA	TAS	ACT	NT
Personal mobility equipment	40%	40%	25%	34%	33%	40%	42%	66%
Personal care products	36%	31%	38%	26%	38%	35%	29%	29%
Custom prosthetics	6%	8%	24%	13%	10%	1%	8%	2%
Home modifications	9%	9%	4%	13%	2%	9%	10%	1%
Vehicle modifications	4%	5%	5%	3%	4%	1%	6%	<1%
Communication equipment	2%	3%	2%	5%	8%	4%	1%	2%
Vision equipment	2%	2%	1%	3%	1%	9%	3%	<1%
Recreation equipment	1%	1%	2%	1%	2%	<1%	1%	0%
Hearing equipment	1%	<1%	<1%	<1%	<1%	<1%	1%	0%
Household equipment	<1%	<1%	<1%	<1%	<1%	<1%	<1%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Actuarial data (1 July 2016 – 30 June 2017).

[1] NDIA, 2016, Annual Report, p. 33

[2] NDIA, 2017, COAG Disability Reform Council Quarterly Report, p.18

[3] Queensland Competition Authority, 2014, Price Disparities for Disability Aids and Equipment, p.67