



Summary of new and updated price arrangements for 2016/17

In the lead up to 1 July 2016, the NDIA has been examining pricing arrangements for supports in four key areas, for which there will be increased prices or new support items and pricing in 2016/17:

- Reviewing the application of existing pricing arrangements for key supports including: Personal Care, Community Participation and Supported Independent Living;
- Updating price loadings for remote and very remote locations – the NDIA will now use the ‘Modified Monash Model’ to determine remoteness, and 2016/17 price loadings will be 18% for remote areas and 23% for very remote, reflecting the most up-to-date loadings from the Independent Hospital Pricing Authority;
- Reviewing the role of intermediaries - in particular plan managers, support coordinators and other emerging brokerage and “connector” models - and the pricing arrangements for the supports they provide; and
- Developing pricing and payment arrangements for Specialist Disability Accommodation (SDA), which will fund SDA providers for the first time under the NDIS. The details of prices and rules that will apply during 2016/17 will be announced in coming weeks.

Price increases to support a stable transition to nationally efficient levels

Since July 2014, the NDIA has increased price levels to account for growth in input costs (in particular wage costs) for providers. This approach is designed to ensure that efficient providers will be able to recover their costs, and therefore deliver sustainable, high quality services to participants.

In recent years, prices for personal care and community participation supports have been set at levels that are higher than the NDIA’s estimates of efficient costs. This approach, which the NDIA has referred to as ‘transition pricing’, was introduced to provide a buffer to give providers time to transition to the NDIS commercial model.

The NDIA has already signalled that personal care and community participation support prices will follow a transitional price ‘glide path’, to enable providers to move toward efficient prices in an orderly manner, without causing significant disruption to the supply of these services. The glide path will be implemented by still allowing prices to increase for Equal Remuneration Order¹ (ERO) adjustments, but not any cost increases above this (e.g.as reflected in the Wage Price Index (WPI)²). This process can continue until prices reach efficient levels.

Following a detailed review, from which the NDIA acknowledges the transition challenges facing providers in or entering the NDIS, the NDIA has decided that the transitional period should be extended to provide

¹ Fair Work Australia, 22 June 2012 - <https://www.fwc.gov.au/documents/awardsandorders/html/pr525485.htm>

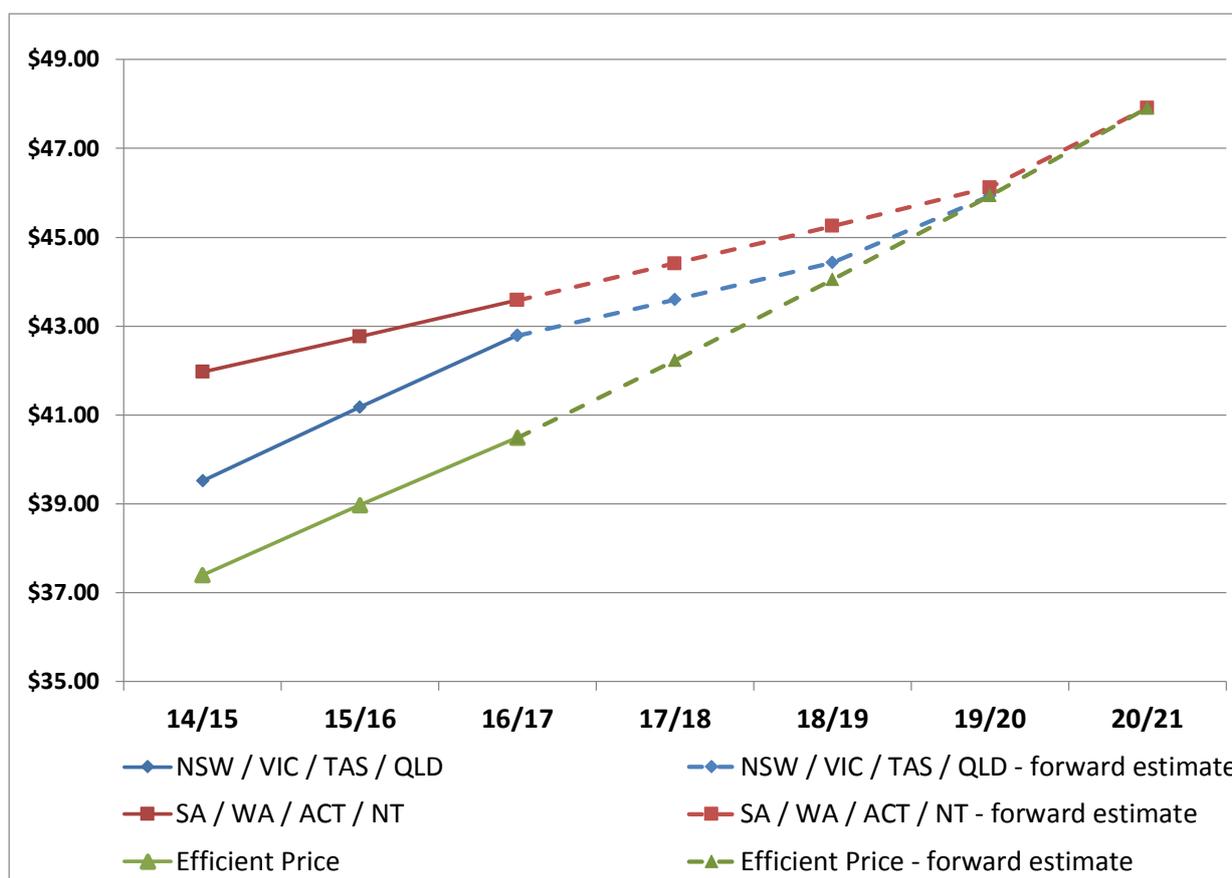
² ABS Cat. 6345.0 - Wage Price Index, Australia

for a “buffer” over the estimated efficient prices for three years of Scheme transition. For Victoria, NSW, Tasmania and Queensland, this means that prices for personal care and community participation supports will increase by 3.9% in 2016/17, rather than the 1.9% increase that would have occurred under a glide path approach. The price increase consists of an additional 2.0% increase to reflect growth in the WPI over the past year, and a 1.9% increase to allow continued implementation of the ERO.

An aim of the NDIA is to move toward nationally consistent price benchmarks wherever possible. Additional price premiums already apply for personal care and community participation supports in the Northern Territory, Western Australia, South Australia and ACT Price Guide. The NDIA will continue to apply the transitional price glide path in these jurisdictions, consistent with the announcement made by the NDIA in August 2015, so that they move closer to levels in the eastern states. This means that prices for most personal care and community participation supports will increase by 1.9% in 2016/17 in these jurisdictions.

The Figure below shows the revised transition path for personal and community support prices to a nationally efficient level, which is represented by the green line. The eastern states are now projected to reach efficient levels in 2018/19, which is an extension of one year from the NDIA projection that was announced on 1 August 2015. Other jurisdictions will reach efficient levels one year later, in 2019/20.

Figure 1 Proposed transition prices compared to efficient price



Supported Independent Living and Centre Based Group supports will increase by 3.90% in 2016/17 in all states.

For all other support categories that are subject to growth in wage costs, prices will increase by 2.0% in 2016/17. This reflects the growth in the Wage Price Index. Table 1 below shows the support categories that receive this increase.

The price limit for Financial Intermediary Monthly Processing will increase from \$31.49 per month to \$96.25 per month, to improve levels of supply and utilisation of financial intermediary services.

Table 1 below that summarises the 2016/17 price increases.

Additional pricing for new supports

In response to participant feedback, the NDIA has also introduced a support category for self-management support. This will help participants to build their self-management capability and to obtain plan management assistance where required.

For the first time the NDIS will fund SDA providers. Full details of SDA arrangements will be announced in coming weeks.

Table 1- Summary of price changes in 2016/17 Price Guide

Support Category	WPI (2.0)	ERO (1.9%)	Increase % for 2016/17
Participate Community	✓	✓	3.9% (east) or 1.9% (west)
Daily Personal Activities	✓	✓	3.9% (east) or 1.9% (west)
High Intensity Daily Personal Activities	✓	✓	3.9% (east) or 1.9% (west)
Group and Centre Based Activities	✓	✓	3.9%
Household Tasks	✓		2.0%
Supported Independent Living	✓	✓	3.9%
Interpret/Translate	✓		2.0%
Support Co-Ordination	✓		2.0%
Therapeutic Supports	✓		2.0%
Exercise Physiology & Personal Training	✓		2.0%
Plan Management (including intermediaries)	✓		2.0%
Early Childhood Supports	✓		2.0%
Specialised Driver Training	✓		2.0%
Transport*	✓		1.53%
Supported Employment*	✓		2.0%

*The Commonwealth indexation is applied to Commonwealth programs such as Australian Disability Employment organisations and Transport mobility allowance.