



# **Report on the sustainability of the scheme**

**1 July 2013 to 31 March 2016**

**April 2016**

**Prepared by the Scheme Actuary**

## Introduction

This report presents analysis on the delivery of the National Disability Insurance Scheme (NDIS) by the National Disability Agency (NDIA) as at 31 March 2016.

Specifically the analysis includes:

- **Participant satisfaction.** Participant satisfaction remains high. On a scale of very poor (-2) to very good (+2), with neutral being 0, participant satisfaction is at 1.63. This is consistent with previous quarters.
- **Participant numbers.** 29,769 participants were eligible for the scheme (100% of the bilateral target). This is an increase of 3,894 participants over the quarter. 24,866 participants had an approved plan (83% of the bilateral target), which is an increase of 2,585 participants over the quarter.
- **Total scheme costs.** Considering the number of participants who have entered the scheme and distribution of packages committed to these participants, the scheme is within budget for the three year trial period (ending 30 June 2016).

The report also includes information on:

- **The amount of support committed to participants**, including trends, the distribution of packages committed to participants, and actual payments made to date.
- **Continuous improvement** to the scheme to ensure scheme sustainability, including the development of references packages and an outcomes framework.

It is important to note that it is early stages in the roll out of the NDIS. Scheme experience will emerge over time and allow more thorough analysis of financial sustainability.

Concurrent trials are also underway in the South West and Cockburn-Kwinana in Western Australia based on the Western Australia NDIS My Way Model. Information on these trials are not included in this report. Information on the Western Australian NDIS My Way Model trial sites are published separately by the Western Australian Disability Services Commission.

## Scheme experience (1 July 2013 to 31 March 2016)

### *Participant satisfaction*

Participant satisfaction with the Agency has remained very high in recent months. Satisfaction is reported on a scale of very poor (-2) to very good (+2), with neutral being 0. The participant satisfaction level is currently 1.63, consistent with results since June 2015.

### *Participants*

As at the 31 March 2016 (Table 1):

- 29,769 participants were eligible for the scheme (100% of the bilateral target).<sup>1</sup> This is an increase of 3,894 participants since 31 December 2015.
- 24,866 participants had an approved plan (83% of the bilateral target). This is an increase of 2,585 participants since 31 December 2015.
- The number of participants relative to the bilateral agreements is lower compared with the December 2015 results (100%, compared with 104%) and the number of participants with approved plans relative to the bilateral agreements has also decreased compared with the December 2015 results (83%, compared with 89%). This is largely due to the reduction in the number of plans approved in the South Australian trial site, along with the January 2016 holiday season, and the transition to a new IT system.
- In the South Australian trial site, the bilateral number of 5,085 was reached on 31 August 2015 and has since been revised to 8,500 effective from February 2016. The bilateral targets for the Tasmanian and Barwon trial sites have also been revised to 1,125 and 5,289 respectively.<sup>2</sup>
- The actuarial baseline model used a different methodology to determine the likely number of participants in each trial site. This analysis resulted in different estimates to the bilateral agreements. The number of participants in the scheme to date compared with the actuarial baseline model is included in Appendix A. As the trial sites were resourced in line with the bilateral agreements, the estimated number of participants in the actuarial model is difficult to achieve.

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<sup>1</sup> Note: this excludes the 16 participants who have been determined eligible as at 31 March 2016 in the Far North Queensland early transition site but do not yet have approved plans.

<sup>2</sup> Note: these revisions do not reflect higher than expected scheme costs.

**Table 1 Eligible participants and participants with approved plans**

1 July 2013 to 31 March 2016	NSW (Hunter)	NSW (Nepean Blue Mountains)	SA	TAS	VIC	ACT	NT	WA	Total
Number of expected participants (bilateral agreements) <sup>3,4</sup>	8,841	1,400	6,451	1,031	4,955	3,651	154	3,422	29,905
Number of participants (active & inactive participants)	7,167	1,299	7,788	1,279	5,515	4,292	138	2,291	29,769
<i>Percentage deemed eligible compared with expected</i>	81%	93%	121%	124%	111%	118%	90%	67%	100%
Number of participants with current approved plans (active & inactive participants)	6,510	1,083	5,825	1,135	4,867	3,429	135	1,882	24,866
<i>Percentage with approved plans compared with expected</i>	74%	77%	90%	110%	98%	94%	88%	55%	83%

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<sup>3</sup> Bilateral agreement targets are targets for approved plans, rather than participants. The NDIS funding responsibility begins from the date of first plan approval. There is a lag between a participant being deemed eligible and having their plan approved.

<sup>4</sup> Where bilateral agreement targets are quarterly, the monthly target is pro-rated evenly across the months (e.g. the monthly target is one third of the quarterly target).

### *Trends in plan approvals*

Figure 1 and Figure 2 show participants with approved plans by month compared with the bilateral agreements and the actuarial model.

In the March 2016 quarter, plan reviews represented more than half of the plans approved in the New South Wales - Hunter (68%), South Australian (70%), Tasmanian (79%), Victorian (96%) and Western Australian trial sites (70%).

In all trial sites, there were a low number of first plans approved in January 2016 due to the holiday season, and February due to the transition to a new IT system.

The number of first plan approvals in the New South Wales (Hunter) trial site has decreased slightly since the previous quarter. However, the total number of plans approved by month increased throughout the quarter.

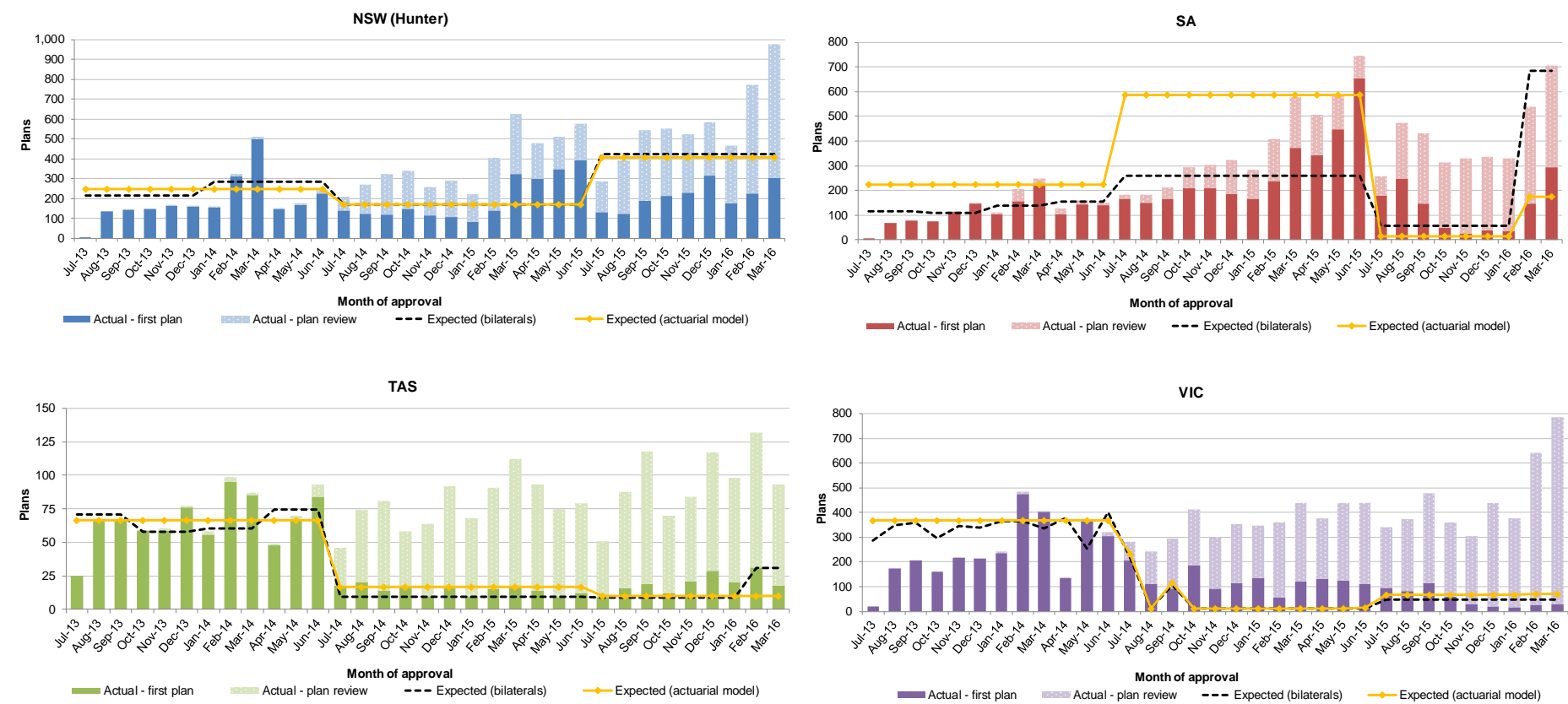
In the South Australian trial site, the revised bilateral target resulted in a large increase in first plan approvals in the March 2016 quarter.

The number of participants receiving their first approved plan in the Australian Capital Territory trial site this quarter was lower than the bilateral target.

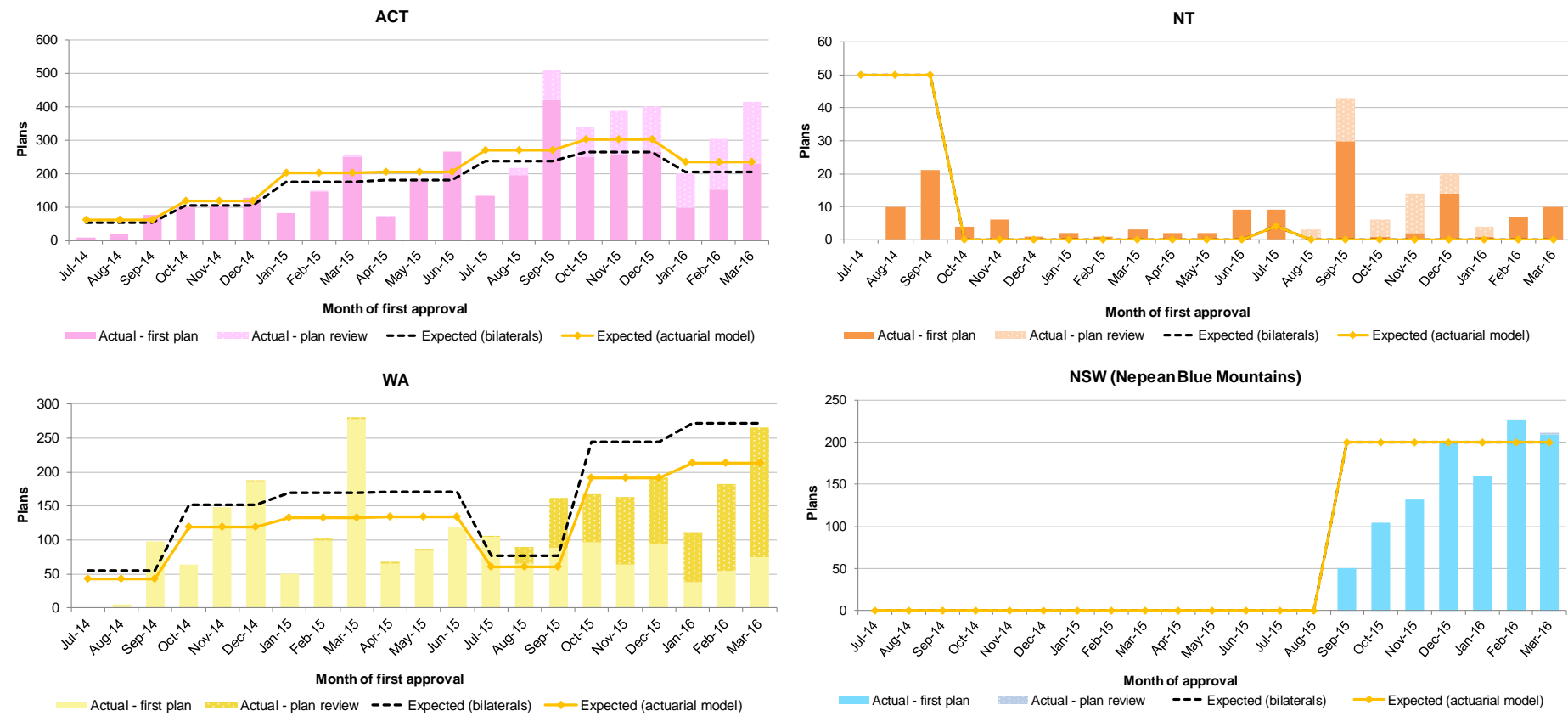
In the Victorian trial site, there were a high number of plan reviews in February 2016 and March 2016.

On 1 July 2015, an early roll out to full scheme commenced in the New South Wales (Nepean Blue Mountains) site with plans being approved from 1 September 2015. The number of first plan approvals were slightly higher than the bilateral target for February 2016 and March 2016. This balances the lower than expected number of first plan approvals in January 2016 due to the holiday season.

**Figure 1 Participants with approved plans by month compared with the bilateral agreements and the actuarial model – NSW (Hunter), SA, TAS and VIC trial sites**



**Figure 2 Participants with approved plans by month compared with the bilateral agreements and the actuarial model – ACT, NT, and WA trial sites and NSW (Nepean Blue Mountains) site<sup>5</sup>**



<sup>5</sup> The vertical axis is different for the Northern Territory and Nepean Blue Mountains sites.

## ***Committed support***

As at 31 March 2016, 24,866 participants (active and inactive) have approved plans, and \$1,960.9 million of support has been committed to these participants (Table 2).

Of this \$1,960.9 million:

- It is estimated that \$141.0 million (7%) was provided in 2013-14 (including actual paid to date). The funding envelope based on the bilateral agreements for 2013-14 is \$148.8 million, including cash and in-kind. Hence, for participants who have entered the scheme in the first year, committed support for 2013-14 is around 95% of the funding envelope (Table 2).<sup>6</sup>
- \$504.7 million (26%) is estimated to be provided in 2014-15. This compares with the funding envelope based on the bilateral agreements for 2014-15 of \$456.9 million, including both cash and in-kind. Therefore, for participants who have entered the scheme to date, committed support for 2014-15 is around 110% of the funding envelope for 2014-15 (Table 2).
- \$848.5 million (43%) is estimated to be provided in 2015-16. The funding envelope based on the bilateral agreements for 2015-16 is \$871.9 million, including both cash and in-kind. Thus, for participants who have entered the scheme to date, committed support for 2015-16 is 97% of the funding envelope for 2015-16.
- \$466.7 million (24%) is expected to be provided in 2016-17 and beyond.
- Note: committed support exceeds the funding envelope in 2014-15 and is close to the funding envelope in 2015-16. However, as not all committed support is being utilised, an actual deficit will not arise. That is, the scheme will be within the budget for the three years of trial. Further, due to the phasing of participants into the scheme during the trial period comparing committed support with the bilateral agreement does not reflect full scheme costs.

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<sup>6</sup> Note: the amount of committed supports expected to be provided in both 2013-14 and 2014-15 has increased since the end of these financial years. The main reasons for this increase include correction of errors in funded supports entered into Siebel, funded supports being added and quotes from providers being received and updated in plans.



**Table 2 Committed support to date and amount committed to be provided in 2013-14, 2014-15, 2015-16 and 2016-17**

Total			Total (excl. large residential centres)	
Expected to be provided (\$m)				
2013/14	\$141.0	7%	\$133.6	8%
2014/15	\$504.7	26%	\$435.9	26%
2015/16	\$848.5	43%	\$743.7	44%
2016/17	\$466.7	24%	\$387.8	23%
Total	\$1,960.9	100%	\$1,701.0	100%
Funding envelope for 2013/14 (\$m)			\$148.8	
Expected to be provided in 2013/14 as a proportion of 2013/14 funding envelope			95%	90%
Funding envelope for 2014/15 (\$m)			\$456.9	
Expected to be provided in 2014/15 as a proportion of 2014/15 funding envelope			110%	95%
Funding envelope for 2015/16 (\$m)			\$871.9	
Expected to be provided in 2015/16 as a proportion of 2015/16 funding envelope			97%	85%

### **Actual payments**

Actual payments to service providers and participants who are self-managing their plans as at 31 March 2016 was \$884.9 million, of which \$91.3 million relates to supports provided in 2013-14, \$372.7 million relates to supported provided in 2014-15, and \$421.0 million relates to supports provided in 2015-16.

- Actual payments to date for supports provided in 2013-14 represent 65% of all committed supports.
- Actual payments to date for supports provided in 2014-15 represent 74% of all committed supports.
- Actual payments to date for all supports 69% of all committed supports.

Note: payments continue to be made for the 2013-14 and 2014-15 support years, so these utilisation factors may increase.

### *Trends in average package cost*

The average annualised package cost across all trial sites at the end of March 2016 is \$39,593 including large residences (Stockton, Kanangra and Colanda)<sup>7</sup>, and \$35,992 excluding Stockton, Kanangra and Colanda.<sup>8</sup> Average annualised package costs on a monthly basis are presented in Figure 3 and Figure 4.

The average annualised package cost in the New South Wales (Hunter), South Australian, Tasmanian and Victorian trial sites is approximately \$39,654 including Stockton, Kanangra and Colanda, and approximately \$34,729 excluding Stockton, Kanangra and Colanda.

The average package costs for participants in the trial sites that commenced on 1 July 2014 are not representative of the overall average cost due to the way that existing participants are being phased into the scheme.

Note: the benchmark average annualised package cost for 2015-16 is \$38,588 reflecting the inflation factor included in the bilateral agreements.

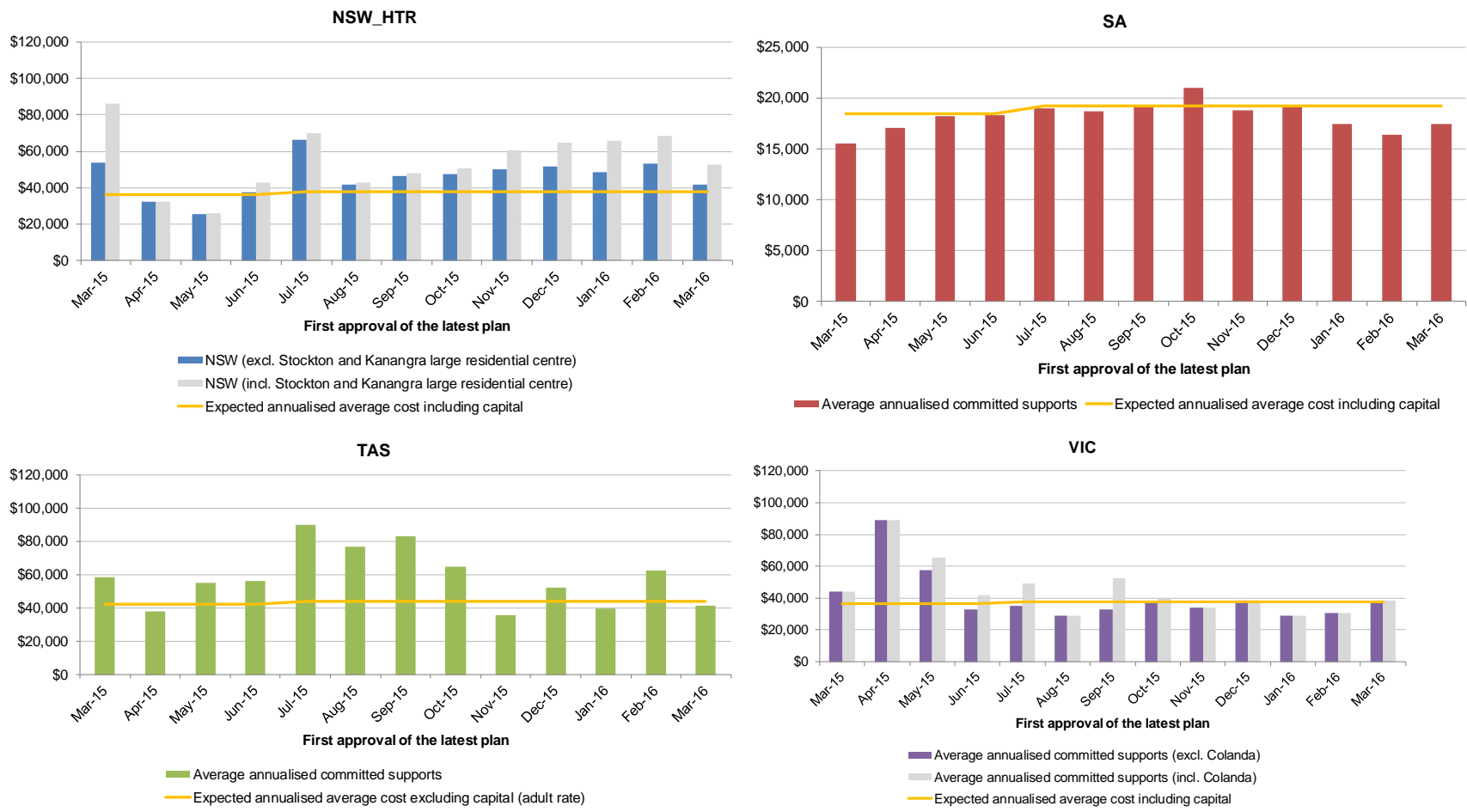
Note: Average annualised package cost is not an appropriate measure of scheme performance when considered in isolation from other metrics. It is important to consider the number of scheme participants, the distribution of packages committed to these participants and actual payments for supports provided. All of these factors contribute to the overall cost.

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<sup>7</sup> Stockton and Kanangra are large residences in the New South Wales trial site and Colanda is a large residential centre in the Victorian trial site.

<sup>8</sup> New South Wales (Hunter) did not specify the average cost of providing supported accommodation in the Stockton and Kanangra large residential centre and hence an estimate has been used.

Figure 3 Average annualised committed package cost by trial site – monthly averages (NSW - Hunter, SA, TAS and VIC)<sup>9</sup>



<sup>9</sup> The vertical axis is different for each trial site.

**Figure 4 Average annualised committed package cost by trial site – monthly averages (ACT, NT, WA and NSW - Nepean Blue Mountains)<sup>10,11</sup>**



<sup>10</sup> Note: the number of participants with approved plans in the Northern Territory is low. Hence numbers should be treated with caution.

<sup>11</sup> The vertical axis is different for each trial site.

### *Distribution of package costs*

Consistent with previous results, across all trial sites the distribution of support packages differs from expectations. In particular, fewer low cost participants than expected have entered the scheme, and fewer medium cost participants have entered the scheme (with the exception of the \$10,000 to \$30,000 groups). The number of high cost participants is largely in line with expected (Figure 5 and Figure 6).

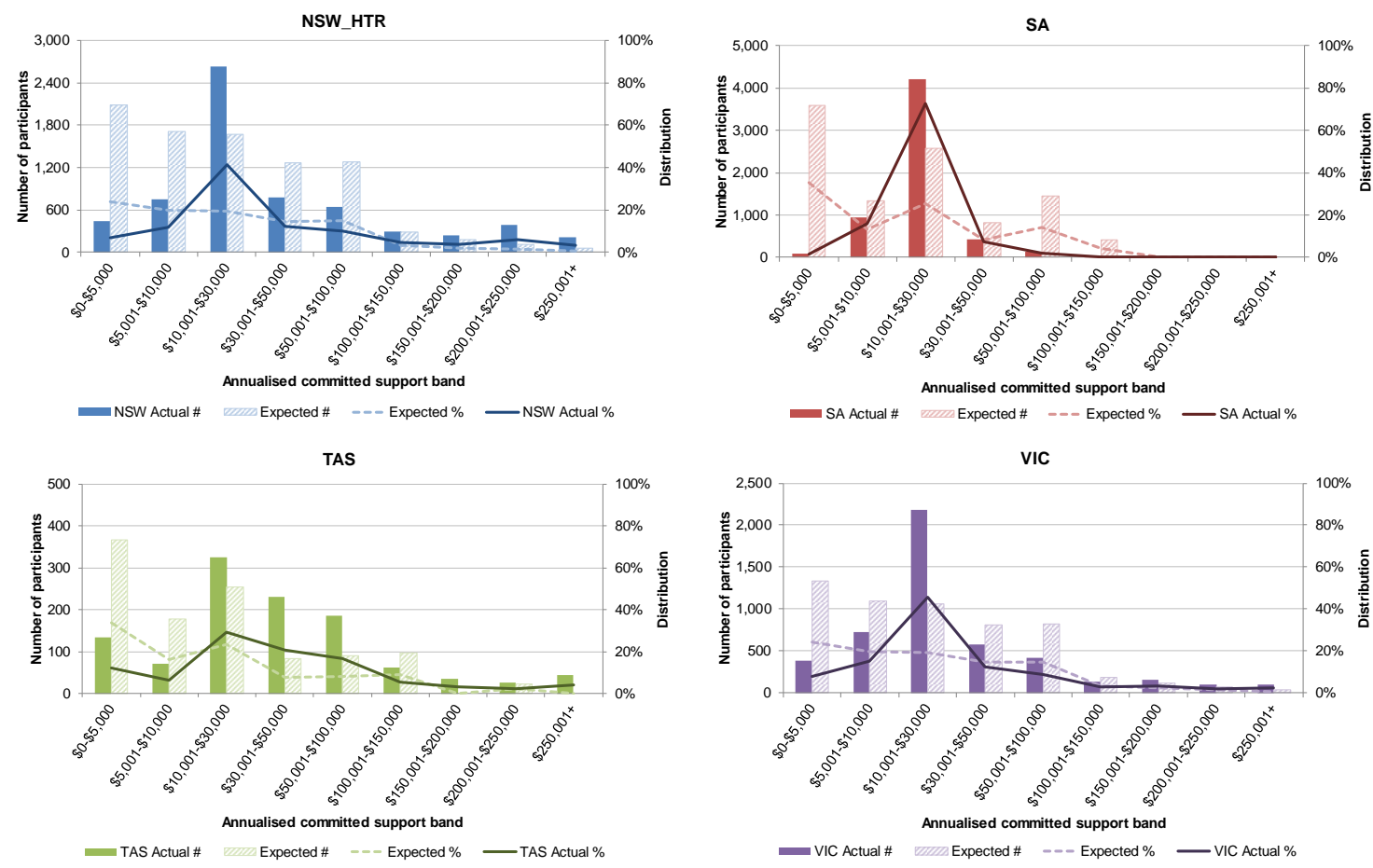
The distribution of cost is highly skewed towards a small number of participants with high cost packages—specifically, of the 10,712 active participants with approved plans in the New South Wales (Hunter) and Victorian trial sites excluding the Stockton, Kanangra and Colanda large residences, 7,104 participants (66%) have an annualised package cost of less than \$30,000 (Figure 7).

The total annualised package cost of the 7,104 participants with support packages of less than \$30,000 is \$97.7 million which represents only 22% of total committed supports. On the other hand, the total annualised package cost of the 1,185 participants with support packages of more than \$100,000 is \$221.4 million which represents 50% of total committed supports.<sup>12</sup> Therefore, the total cost of the scheme will be driven by the relatively few participants with high cost plans. Note: there are a relatively high number of group homes in the Hunter region in New South Wales compared with other regions. This is driving the higher proportion of high cost participants compared with expected.

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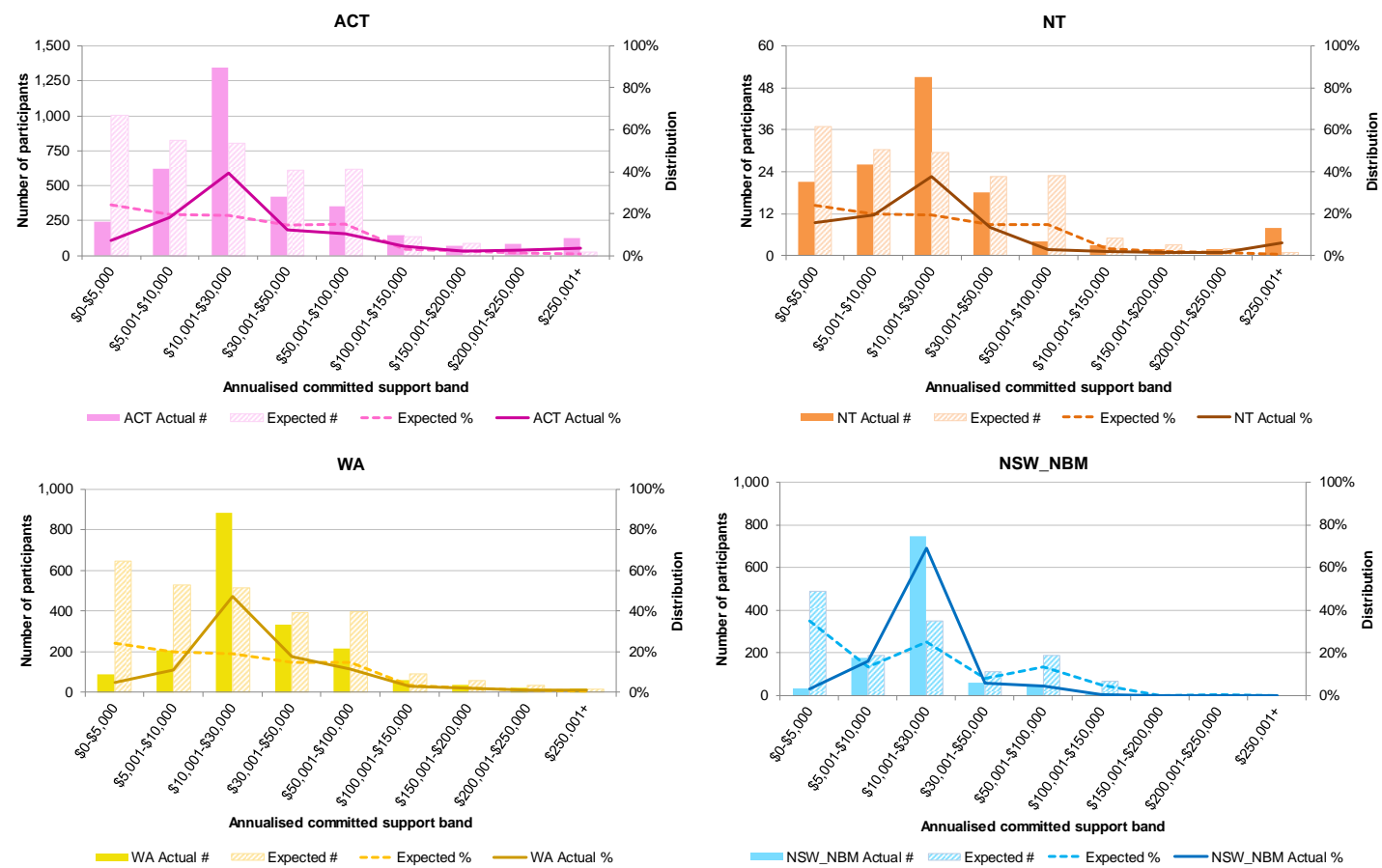
<sup>12</sup> The Stockton, Kanangra and Colanda large residences result in high concentrations of high cost people in specific geographical areas. For this reason Stockton, Kanangra and Colanda have been excluded from this analysis.

Figure 5 Distribution of package costs by trial site – NSW (Hunter), SA, TAS and VIC trial sites<sup>13</sup>



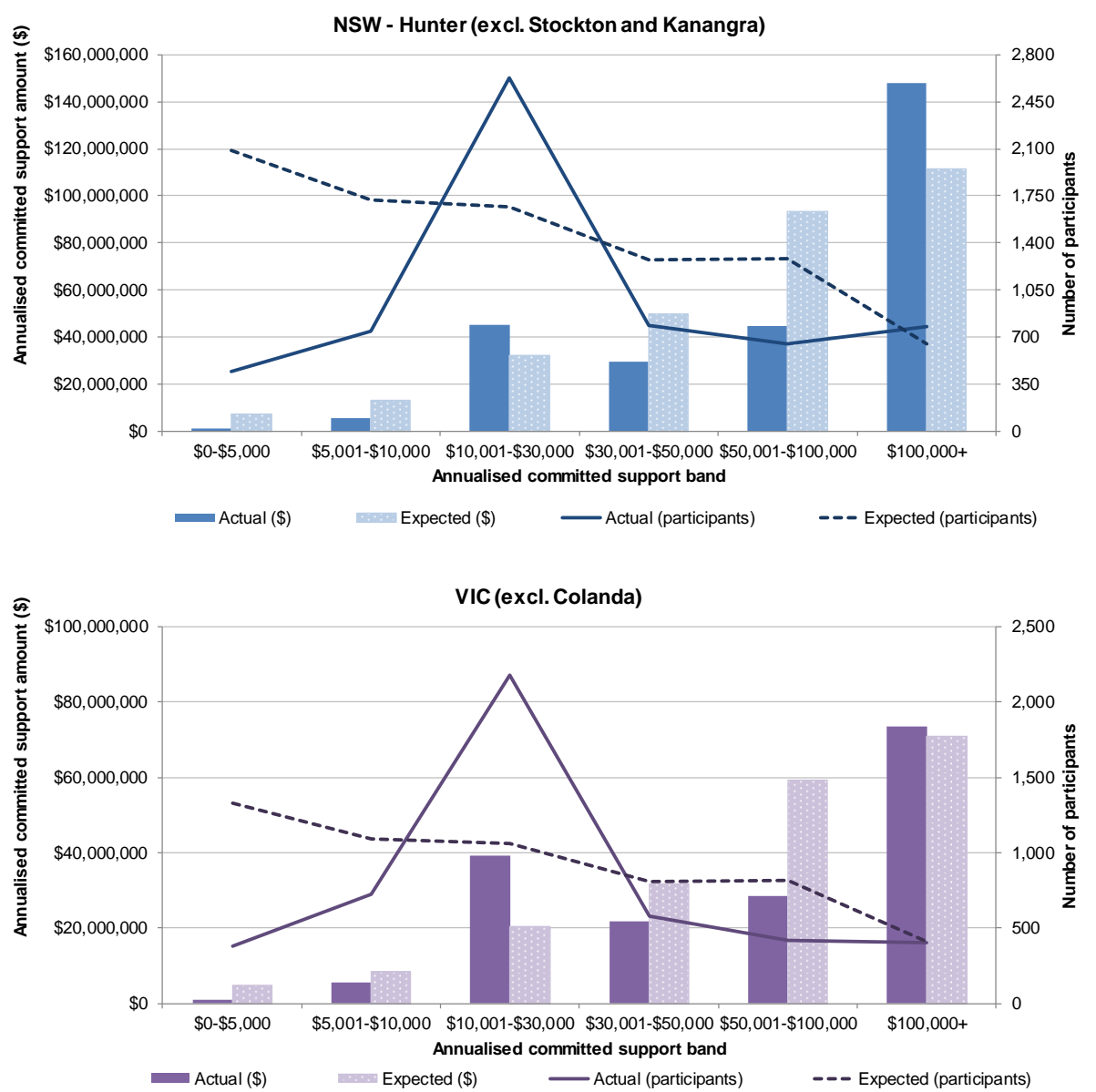
<sup>13</sup> The vertical axis is different for each trial site

Figure 6 Distribution of package costs by trial site – ACT, NT, WA, and NSW (Nepean Blue Mountains) sites<sup>14</sup>



<sup>14</sup> The vertical axis is different for all trial sites and the New South Wales (Nepean Blue Mountains) site

**Figure 7 Total package costs and number of participants by trial site and annualised committed support band**





## Continuous improvement

The National Disability Insurance Agency continues to improve the scheme in response to scheme experience. This aims to ensure that the objectives of the scheme are being met for participants, and the scheme remains financially sustainable.

Two pieces of work that will continue to assist with achieving participant outcomes and financial sustainability are the development of the reference packages and the development of an outcomes framework.

### *Reference packages*

Reference packages are being developed to assist with detailed monitoring of scheme experience, including analysis of potential cost drivers. Reference packages aim to provide an annual benchmark funding level of support for participants with similar support needs and characteristics. Reference packages also allow a referential link between resource allocation to individual participants (that is, the amount of funded support provided to each individual participant) and the overall funding envelope.

A pilot of the reference packages commenced in February 2015 and data have now been collected for approximately 4,500 participants.

Note: the reference package is not a benchmark used to determine the support a participant receives, but rather allows detailed monitoring to be undertaken.

### *Outcomes framework*

Work has been undertaken to develop an outcomes framework for measuring participant and family/carer outcomes. The development of this outcomes framework considers how outcomes can be measured at the scheme level as well as the individual level.

The development of this framework has involved consideration of a number of domestic and international frameworks, and has included consultations with a range of experts and stakeholders, including the Independent Advisory Council.

The framework includes eight participant domains – choice and control, daily activities, relationships, home, health and wellbeing, lifelong learning, work, and social, community & civic participation – as well as outcomes related specifically to families/carers.

The outcomes framework was piloted in the first three months of 2015. The results of the pilot, along with feedback from consultation with the disability sector were used to refine the framework. The results of the pilot study were released publicly in December 2015:

<http://www.ndis.gov.au/document/outcomes-framework-pilot>

The NDIS outcomes framework has been collected for approximately 4,100 participants.

## Appendix A

This appendix provides a comparison of the number of participants in the scheme to date compared with the actuarial baseline model.

**Table A.1 Participants compared with the actuarial baseline model**

1 July 2013 to 31 March 2016	NSW (Hunter)	SA	TAS	VIC	ACT	NT	WA	NSW (Nepean Blue Mountains)	Total
Number of expected participants (bilateral agreements) - (a) <sup>15,16</sup>	8,841	6,451	1,031	4,955	3,651	154	3,422	1,400	29,905
Number of expected participants (actuarial model) - (b)	8,684	10,186	1,092	5,525	4,174	154	2,681	1,400	33,896
Number of participants (active & inactive participants)	7,167	7,788	1,279	5,515	4,292	138	2,291	1,299	29,769
<i>Percentage deemed eligible compared with expected - (a)</i>	81%	121%	124%	111%	118%	90%	67%	93%	100%
<i>Percentage deemed eligible compared with expected - (b)</i>	83%	76%	117%	100%	103%	90%	85%	93%	88%
Number of participants with current approved plans (active & inactive participants)	6,510	5,825	1,135	4,867	3,429	135	1,882	1,083	24,866
<i>Percentage with approved plans compared with expected - (a)</i>	74%	90%	110%	98%	94%	88%	55%	77%	83%
<i>Percentage with approved plans compared with expected - (b)</i>	75%	57%	104%	88%	82%	88%	70%	77%	73%

<sup>15</sup> Bilateral agreement targets are targets for approved plans, rather than participants. The NDIS funding responsibility begins from the date of first plan approval. There is a lag between a participant being deemed eligible and having their plan approved.

<sup>16</sup> Where bilateral agreement targets are quarterly, the monthly target is pro-rated evenly across the months (e.g. monthly target is one third of quarterly target).