# Review of Pricing Arrangements for Therapy Services

# Terms of Reference

## Overview

1. The National Disability Insurance Agency (NDIA/Agency) is undertaking a comprehensive review of the price control arrangements and other market settings for therapy services in the National Disability Insurance Scheme (NDIS/Scheme).

## Background

1. The NDIS is a world leading reform for all Australians. Its purpose is to support people with disability to achieve their goals, helping them to realise their full potential, participate in and contribute to society and exercise choice and control over their lives and futures.
2. Among the crucial supports for many NDIS participants are therapy services, including services delivered by:
   1. Art Therapists
   2. Audiologists
   3. Counsellors
   4. Developmental Educators
   5. Dieticians
   6. Music Therapists
   7. Occupational Therapists
   8. Orthoptists
   9. Physiotherapists
   10. Podiatrists
   11. Psychologists
   12. Registered Nurses
   13. Rehabilitation Counsellors
   14. Social Workers
   15. Speech and Language Pathologists
   16. Teachers
3. The NDIA sets price controls for certain NDIS supports to ensure NDIS participants obtain reasonable value from their support packages. In June 2017, McKinsey and Company were engaged to undertake an Independent Pricing Review (IPR) by the Board of the NDIA. The final report, which was delivered to the NDIA on 14 February 2018, contained 25 recommendations. Recommendations 17 to 21 directly related to therapy services:
   1. IPR Recommendation 17 – The NDIA should develop differentiated price levels for physical therapy and psychological therapy based on price levels being paid in comparable schemes.
   2. IPR Recommendation 18 – The NDIA should amend the description for therapy assistants and introduce two tiers of prices for therapy assistants – one that is comparable to the attendant care price, and a second that is for the delivery of therapy supports by a professional with a lower level of skill than a qualified therapist.
   3. IPR Recommendation 19 – The NDIA should align the travel policy for therapy supports to the travel policy for attendant care by removing the $1000 travel cap, allowing providers to charge up to 20 minutes at the hourly rate when travelling between participants.
   4. IPR Recommendation 20 – The NDIA should amend the cancellation policy for therapy so that up to a certain threshold, providers can charge against a participants plan for up to 90% of the scheduled service if the participant makes a short notice cancellation. A cancellation line item should be created as a governance mechanism for the NDIA.
   5. IPR Recommendation 21 – The NDIA should allow providers to charge participants for the time spent writing reports that are requested by the NDIA. A new line item should be introduced for tracking purposes.
4. IPR Recommendations 19 to 21 were implemented on 1 July 2018.
5. Since the IPR’s recommendations were released, therapy providers have raised a number of concerns with the proposed approach, including whether the proposed arrangements were appropriate for remote and very remote areas and for all types of therapy. To address these concerns, the NDIA has decided to undertake a review of the price control arrangements and other market settings for therapy services.

## Scope of the Review

1. The Review will examine, through research and consultation with industry, community and government stakeholders, whether existing price controls and other market settings under the NDIS, including the recommendations of the Independent Pricing Review, are appropriate in relation to therapy services or should be modified.
2. In particular, the Review will:
   1. Examine the nature of the market for therapy services, including the extent to which the market is made up of distinct segments, including in thin and undersupplied markets and in regional and remote areas;
   2. undertake detailed benchmarking on both therapy supports and therapy assistants versus both relevant comparable schemes and private mainstream markets; and
   3. examine the extent of competition in the market for therapy services, and whether segments of the therapy services market are ready to trial price deregulation.
3. The Review will make recommendations on:
   1. the appropriate price control arrangements for therapy services in the NDIS;
   2. options to encourage the development of innovative support offerings by providers of therapy services in the NDIS; and
   3. market interventions, other than price limits, that may have positive impacts on the market for therapy services in the NDIS.
4. In framing its recommendations, the Review will be cognisant of the objects and principles of the NDIS, as set out in the *National Disability Insurance Scheme Act 2013*, including that the NDIS should:
   1. support the independence and social and economic participation of people with disability;
   2. enable people with disability to exercise choice and control in the pursuit of their goals and the planning and delivery of their supports;
   3. facilitate the development of a nationally consistent approach to the access to, and the planning and funding of, supports for people with disability;
   4. promote the provision of high quality and innovative supports that enable people with disability to maximise independent lifestyles and full inclusion in the community;
   5. adopt an insurance based approach, informed by actuarial analysis, to the provision and funding of supports for people with disability; and
   6. be financially sustainable.

## Process and timing

1. The Review will commence in December 2018 and deliver recommendations to the NDIA’s Pricing Reference Group in the Third Quarter of 2018-19, for implementation in the Fourth Quarter of 2018-19.

Indicative Timeline

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| December 2018  January 2019 | Consultation with stakeholders |
| Third Quarter 2018-19 | Consideration of Recommendations by Pricing Reference Group and Board |
| Fourth Quarter 2018-19 | Implementation of new arrangements |

## Further information

1. Further information on the Review can be found at WEBPAGEADDRESS.