1 April 2019

The National Disability Insurance Scheme (NDIS) is on track to put choice and control squarely in the hands of people with disability, their families and carers.

The NDIS was expressly created to replace a fragmented service system that gave people with disability little choice, and to move away from the decades-old practice of providing block funding directly to service providers.

Participant choice and control has always been, and will remain, central to the delivery of the NDIS. Funding is provided to people with disability, who can then choose how best to use those funds on the supports and services that will help them to meet their needs and goals.

The NDIS is a world first Scheme both in terms of what it is delivering for Australians with disability and the speed and scale at which it is being implemented. The growth of the NDIS has been significant - from approximately 30,000 participants in mid-2016 to more than 250,000 participants today - an increase of more than 700 per cent in just two and a half years. Significantly, approximately 78,000 of those participants are receiving support and services for the very first time.

We continually improve

As the NDIS has rolled out across Australia we have learned a lot.

We have learned that, despite our best efforts, there have been people who take longer to enter the Scheme than originally envisaged when the bilateral estimates were agreed between the Commonwealth and states and territories. This is for a number of different reasons, including where it has been difficult to contact people.

Yet in the two and a half years since the end of trials in mid-2016, we have welcomed an additional 220,000 participants, bringing the total number of NDIS participants to 250,000. Our quarterly operational targets reflect this success with 92 per cent and 88 per cent of our operational targets achieved in the last two quarters respectively—and we expect this will be far exceeded at the end of the March 2019 quarter.

We have also learned that because the largest proportion of participants are on their first or second plans, the average plan utilisation rate across the NDIS has been lower than it will be when the Scheme is fully mature.

But for each additional year they are in the Scheme, participants build their confidence in exercising their choice and control and generally use more of their plan funding—and in doing so are driving the expansion of the provider market.

We understand the important role of pricing

We have seen the market step up to the challenge created by the pace of the NDIS' expansion. Since NDIS transition to full Scheme commenced, the provider market has grown from around 3,500 service providers in June 2016 to more than 19,000 in December 2018 - an increase of over 450 per cent. As at 31 December 2018, over 45 per cent of these providers were sole providers.

Given what is at stake, we take our market stewardship role seriously. We want to support the development of a vibrant and sustainable disability provider market, because we know it will improve economic and social outcomes for participants.

To support this objective, in June 2017 the Board commissioned the Independent Pricing Review (IPR) to investigate the appropriateness of the NDIA's pricing strategy and approach, and the suitability of current price levels for supports and services.

The IPR report was released in early 2018 and the Agency accepted all 25 recommendations. Of the 25 recommendations in the IPR, 20 were implemented in the following six to twelve months, including but not limited to:

- Recommendation 4 – Clarification of regional travel claiming arrangements
- Recommendation 9 – High intensity loading for centre based activities
- Recommendation 14 – Temporary Support for Overheads
- Recommendation 19 – Clarification of therapy travel arrangements
- Recommendation 6 – Defining complexity terminology

Following the release of the IPR the disability services market has continued to grow. To provide support to the significantly expanding market, we have continued to collect and act upon ever more sophisticated market data and provider feedback to enable us to respond to market pressures, including further refining market pricing.

One of the areas that we recently reviewed is an enlarged database related to therapy pricing and attendant care and, based on that information, the assumptions that underpin pricing for both areas. We undertook this review to ensure the NDIS pricing for these services strikes the appropriate balance between ensuring financial sustainability for providers, and driving efficiency and innovation for the delivery of supports for participants.

Following extensive consideration by the NDIA Pricing Reference Group, which has responsibility for oversight of price reviews, and months of consultation with providers, including with National Disability Services, we announced pricing increases on 30 March 2019. The new prices, to be implemented on 1 July 2019, include a minimum increase of almost $11 per hour for therapists and up to a 15.4 percent price increase to the base limit for attendant care and community participation. Significantly, this announcement included the introduction of a new 7.5 per cent Temporary Transformation Payment for attendant care (which is replacing the Temporary Support for

Overheads) to further assist providers to meet the additional costs associated with transforming their businesses under the NDIS. The announcement also clarified that increases will be further indexed for wage inflation prior to implementation.

Key representatives of the NDIA's Industry Reference Group, which was established in January 2018 to bring together provider and consumer representatives to advise on improvements to the NDIS, have welcomed the increase. This includes Managing Director and CEO of Ability First Australia, Andrew Rowley, who said it will encourage investment in attendant care and therapy supports among their members, which consists of 14 of Australia's leading disability service providers.

Chair of Allied Health Professions Australia, Cris Massis, also commented that the outcomes of the Therapy Services Review are a boost in confidence for the thousands of allied health professionals delivering supports to NDIS participants.

Likewise, one of the independent members of the NDIA's Pricing Reference Group, which is tasked with providing advice on how to further stimulate growth and development in the market, also expressed their support - with former Australian Disability Discrimination Commissioner, Graeme Innes, applauding the price increase.

We ensure that prices are continually reviewed

The NDIA annual price review has been a feature of the NDIS for some time, with updates reflecting market trends, costs in wages and other market influences. However, we remain agile and responsive to emerging issues and feedback, acting to address challenges identified outside of the annual price review—as evidenced by the recent changes to complexity pricing implemented on 1 February 2019.

Broad consultation with participants, providers and the sector will continue to inform the 2019-20 annual price review and will be undertaken before the implementation of any changes. Further consideration will also be given to any other pricing adjustments that may be needed over the coming months as part of the 2019-20 annual price review cycle. The outcomes of the Western Australia Market Review will be one of those considerations - recognising the challenges posed in a state that has significant rural and remote regions.

This monitoring and updating of NDIS pricing has been undertaken by the NDIA and the independent NDIA Board, following significant ongoing consultation and feedback from stakeholders. Recent announcements in relation to pricing for attendant care and therapy are the culmination of this detailed analysis and consideration over many months – nothing more, nothing less.

Beyond the 2019-20 annual price review, we will continue to improve market and price settings. We will use benchmarking methodologies to guide the process, while remaining flexible so we can respond to market changes required outside of the annual price review cycle.

We take our role as market steward seriously

In our role as market steward, in November 2018, we implemented the NDIS Market Enablement Framework to grow and support the emerging disability services market. The Market Enablement Framework outlines our role in encouraging a healthy and diverse marketplace and provides information on how and when market interventions are required.

The rapid growth and scale of the NDIS has seen a very large number of new entrants to the market and has challenged traditional business models, with many established providers embracing the challenge and transforming their businesses. For these providers, it has allowed them to direct more of their investment to frontline services and take up their place in a thriving and competitive market.

New providers are also taking advantage of market growth, using online platforms to connect people with disability with care workers - including in remote areas where new partnerships to service participants are being developed.

Our commitment to supporting market development is complemented by broader work undertaken by the Department of Social Services. An investment of $190 million has been made since the commencement of the NDIS into initiatives that strengthen the NDIS market and support providers to transition to the NDIS and to grow their workforces. This includes:

- a $45 million Jobs and Market Fund, which provides targeted funding to support the rapid job and market growth required to meet the needs of NDIS participants.
- a $33 million Boosting the Local Care Workforce program to help existing providers and new market entrants to grow their workforce - including in rural, regional and outer suburban areas.
- a new online NDIS Demand Map, launched in March 2019, to provide more information about the demand for NDIS supports and services by region to help providers understand opportunities for their business.
- a $5.6 million Transition Assistance Funding program that provides up to $20,000 of tailored business support to eligible providers to help them transition to the NDIS.

Participants’ experience is at the core

Given the scale of reform embodied by the NDIS, challenges are to be expected. Nonetheless, we continue to be responsive and work with stakeholders to reduce unnecessary complexity and confusion within the NDIS.

In response to valued feedback we have received from stakeholders, we are continuously identifying and systematically working through challenges associated with the roll out of the Scheme - ensuring the NDIS is here to meet the needs of Australians now and into the future.

Along with the improvements to support a vibrant and innovative disability provider market, we have put in place other important improvements to make it easier for participants, their families and carers to engage with the NDIS and have a better planning experience.

In 2018, we began to roll out a number of changes across the country to improve people's individual journeys with the NDIS – known as the participant pathway. These changes include:

- a new easier-to-read plan format, developed in consultation with participants that has clearer information about where to get help.
- improved NDIS planning for people with complex support needs through the new Complex Support Needs Pathway.
- clearer links with community, mainstream, informal and employment supports - to ensure people get what they need from other services (such as housing, education and health systems).
- face-to-face planning support is now being offered to participants during the critical pre-planning and plan implementation stages.
- stronger connections between our planners and Local Area Coordinators (LACs) who will become a consistent point of contact during the participant's journey.
- skilled planners and improved training for LACs and planners that will increase their ability to engage with and support participants' unique situations and diverse needs.

Additional wider changes are also improving participants’ and providers’ experience including:

- a new psychosocial disability service stream that will support approximately 64,000 NDIS participants with psychosocial disability, as well as their families and carers.
- supporting quicker and more consistent decision making about eligibility for specialist disability accommodation so it is more readily included in participants plans.
- reforms to improve housing options for people with disability, especially those currently living in aged care.
- improving the Assistive Technology processes including the introduction of a no-quote policy for purchasing items valued at under $1,500 and a one-quote policy for replacing items valued at up to $15,000.
- establishing an NDIS Participant Employment Taskforce to better understand the barriers to employment, prioritise employment in planning and build the capacity of people with disability to participate in work.
- improving support and faster access to the NDIS for Australians with a hearing impairment.
- a new national investment strategy for Information Linkages and Capacity Building (ILC) to help build the capacity of non-NDIS participants by supporting organisations run by and for people with disability, their families and carers.
- delivering a new website with an improved search function and additional accessibility features designed to support people with disability.

- committing to produce all newly-released national products in Easy English and a large number of language translated versions.
- introducing a new call centre, which for providers means an average time to answer of only 25 seconds - a significant improvement on previous call centre performance.
- dedicating significant effort and resources to ensure payment processes are working as intended - as at December 2018, 93 per cent of claims were processed successfully the first time, with payment for 99.8 per cent of these successful claims processed within five calendar days.
- growing our overall workforce by 65 per cent between January 2018 and January 2019.
- rolling out significantly enhanced training to our staff and partners.

Our commitment to participants

This reform is unprecedented and it is to be expected that there will be challenges in delivering a large reform of this scale and pace. Yet ultimately, it will lead to better life outcomes for people with disability.

There is no doubt that already, Australians with disability who are supported by the NDIS have choices they never had before. We see and hear stories every day from our participants about how the NDIS has changed their lives and improved their outcomes. The outcomes data that we regularly publish supports these stories.

We are committed to continuing to address the challenges that emerge as we implement this world leading reform so that we deliver on the promise of the NDIS - the promise that every Australian with a significant and permanent disability, and their families, can choose the supports they need to participate fully in their communities and achieve their life goals.

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