NDIA releases efficient price to build competitive market for disability services

27 June 2014

The National Disability Insurance Agency (NDIA) has today released a methodology to achieve an ‘efficient price’ for key disability supports which will help build a more competitive market and underpin real choice for Australians with disability.

An efficient price is a benchmark that providers of support should be able to operate within, when supporting people with disability. The benchmark efficient price will be effective from 1 July 2016.

An efficient price for weekday daytime is calculated to be $36.70 in today’s dollars, indexed at July 1 each year for inflation and adjusted on December 1 each year for the Equal Remuneration Order (ERO). Hourly rates for shift and weekends will also be increased consistent with the day time rates.

“An efficient price will enable people with disability to purchase high-quality services, while also ensuring an NDIS which is efficient, sustainable and good value for money for Australian taxpayers in a difficult fiscal environment,” NDIA chief executive David Bowen said.

It follows extensive consultation by a Joint Working Group including equal representation from the NDIA and National Disability Services (the peak body for not-for-profit providers), along with economic, pricing and accounting experts.

To help providers adjust to the price, and to ensure a strong supply of services into the future, the NDIA has today also released a ‘transitional price’, effective from 1 July 2014.

The transitional price will start at $38.78 for weekdays and will be stepped down in three instalments until it aligns with the efficient price on 1 July 2016.

The cost of the transitional price will be fully offset within the NDIS’ funding envelope and will not add to the cost to Australian taxpayers of delivering the NDIS.

The transitional price will apply in NDIS trial sites except in South Australia, where the current July 1 2014 rate of $41.19 is marginally higher, but will be brought into alignment with other states over the next two years.

The NDIA will also deliver a range of measures to help providers adjust to the efficient price and to help build a competitive market. For example, providers will be able to charge for late-notice cancellations in some circumstances, providing more cash-flow certainty.

The NDIA will also examine new technology platforms to make it easier for providers to interact with the NDIA, increasing efficiency and helping to level the playing field for smaller and regional and rural providers in particular.

The NDIA is committed to continuous learning and improvement, and so will expand its data collection activities as the NDIS grows to inform future pricing decisions.

More information about the efficient price and the transitional price is available on the NDIS website.

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