

Vision Australia Submission: NDIS Review: Pricing and Payments Inquiry

Submitted to: National Disability Insurance Scheme review Pannel

Date: 31 July 2023

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# Vision Australia Submission

# NDIS Review: Pricing and Payments Inquiry

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## Introduction

Vision Australia is pleased to have the opportunity to provide this submission to the NDIS Review, as part of its consideration of pricing and payment models for the Scheme. As one of the largest national providers of services to people who are blind or have low vision, we have operated as an NDIS provider since the Scheme’s inception and have navigated its various operational changes throughout the last decade. We strive to offer services that offer value for money and are responsive to participant needs. Like many service providers, however, we continue to face a number of challenges that render it difficult to balance the complex operating framework of the NDIS with the provision of timely and high quality services to the participants with whom we work. We welcome the solutions focused approach that the NDIS Review has taken to issues surrounding pricing and payments, yet we feel it is important to ensure that recommendations for future change reflect not only participant choice and control, but also the realities of the market for service providers and the disability sector more broadly.

## Finding 1: Opportunities to Improve NDIS Pricing Arrangements

It has been stated in the consultation paper for this review that price caps are not facilitating a responsive provider market. It is important to recognise, however, that any downward pressure on prices will stifle innovation further and mean that operational costs become unsustainable for many providers. Vision Australia would welcome greater transparency around price monitoring and the use of market data, but we do not think these measures will support ongoing investment in the sector or strengthen confidence in the price setting process. Factors that would make an appreciable difference in the delivery of innovative services include greater flexibility within NDIS support categories and clear and concise guidance to aid participant understanding of what funding is intended for and how it can be used. As an example, greater clarity is needed to support participants in understanding what the NDIA considers as everyday living costs, versus disability supports. If participants find pricing arrangements and funding categories opaque and inflexible, innovation in the provision of supports is unlikely ever to be realised.

Vision Australia is also supportive of exploring options to differentiate price caps for services delivered to complex clients or in regional areas. It is noted, however, that regional price loading already exists for participants in remote and very remote locations but is difficult to implement. Although Vision Australia delivers NDIS services in some remote locations, we rarely apply the higher price cap because the administrative challenges of doing so are prohibitive. Although we operate our business using widely available client management and invoicing platforms, they do not have the capability to cater well for varied pricing depending on participant location. Whilst it may be possible to add this functionality to our current systems, doing so represents a significant investment that could well outweigh the resulting financial benefits.

It is particularly important for the NDIS review panel to be aware that any changes in pricing structure will have to be implemented into service provider systems and that the costs of achieving this can be substantial. For example, in the next six months, the NDIA will mandate changes to pricing and claiming for group supports, which will mean that participants are charged separately for the service itself and the centre capital costs accrued by the provider. This change will cause needless complexity and administrative burden for service providers and in our view, will do little to simplify pricing information or improve choice and control for participants. Pricing for group supports will remain roughly the same, but will be separated into two components instead of being claimed as one fee. While this may seem like a minimal change, it has already resulted in an implementation cost to Vision Australia of approximately $27,000, including both internal and external effort by Vision Australia as well as the software developers of our client management and billing platforms. In an environment where workforce and financial resources are already constrained, the implementation costs for new pricing methodologies will have significant impacts upon provider sustainability.

Moreover, there is little to be gained from increasing compliance and administrative burden for service providers, where that increase does not also result in improved outcomes for participants. Returning to the group supports example above, it is our view that the ability to view itemised capital costs for services that are separated from service delivery costs will not make a positive difference to participant outcomes, nor will it exercise meaningful influence over the programs that people with disability choose to participate in. Customer research conducted by Vision Australia in 2018 revealed that established relationships and service quality were two of the key drivers of participant satisfaction as it relates to services. There was little indication that price is a driver of consumer behaviour.

The consultation paper also proposes the implementation of preferred provider arrangements as a possible alternative to price caps for some supports. Vision Australia would be particularly supportive of this measure in limited markets, where providers are working with small or specialised cohorts and where there is a clear evidence base for the value of supports being offered. An example of this environment is the NDIS participant market for dog guides. In these situations, there is the potential to use preferred provider arrangements to good effect, in order to streamline purchasing arrangements for the mutual benefit of Government, the provider and the participant. We would not favour a preferred provider approach in environments where there are limited supply and demand arrangements that already restrict price flexibility. Where preferred provider arrangements are adopted, it will be necessary to ensure that supply agreements do not adversely impact provider sustainability in their aim of driving down prices. For example, there are very few providers of specialised Braille technology and the consumer market for these products is relatively small. As such, there is limited capacity to capitalise on pricing efficiencies within this market. It is important to recognise that disability supports often involve not simply the sale of a product, but also accompanying follow-up, training and assessment services. Preferred provider arrangements must holistically consider this supply chain if they are to be delivered effectively.

## Finding 2: Fee for Service Payment Approach

The consultation paper states that fee for service arrangements reward providers for volume of supports delivered and encourage overservicing of participants. An outcomes-based payment model has been proposed as an alternative. Vision Australia does not support this approach for the following reasons. Firstly, individual needs and the time taken to learn concepts and achieve goals varies widely among participants. Accordingly, outcome measures and the time taken to achieve them are unlikely to be consistent enough across the scheme to render this a practicable pricing model. Secondly, unlike other funding programs where outcomes are both definable and specific to one area of a person’s life, NDIS goals are often complex and traverse a number of life domains for the participant. For example, a provider delivering disability employment supports will be remunerated for an outcome when the person obtains a job. A provider supporting a consumer through short-term restorative aged care services works toward a time limited outcome of minimising functional decline with the aim of avoiding long-term care. Conversely, an NDIS participant with a goal of moving out of home will generally need to build several skills across a variety of areas in order for that overall outcome to be fully realised. Based on our experience in working with people who are blind or have low vision, we find that participants take 1.5 years on average to achieve the goals associated with their particular life stage. In most instances, these goals are complex and will require complementary interventions from a variety of allied health professionals, including occupational therapists, assistive technology specialists and orientation and mobility specialists. In scenarios such as this, it is difficult to fathom how broader outcomes could be consistently broken down into component parts for the purposes of a payment model. Additionally, many participants will work with more than one service provider toward achievement of the same goal. If there is tension as to which of the multiple professionals involved in working with the participant will be remunerated for outcomes achieved, this will further curtail the already limited collaboration that occurs among providers in the disability sector.

There is also a risk that outcomes-based payment models would encourage providers to prioritise participants with whom they can achieve quick wins, or artificially simplify participant goals and outcomes to hasten a financial result. Given the concern expressed in the consultation paper that some participants are already being denied services due to the complexity of their needs, implementation of payment approaches that might ultimately exacerbate this seems counterintuitive.

While there are some limitations of the fee for service model, we consider that it is readily comprehensible to most people and offers a high level of transparency for participants in understanding the time that is allocated for their service provision. To that end, it may be more effective to encourage service providers to build outcome measures into their program design, rather than making vast alterations to the current pricing model. Greater focus on outcomes could be fostered if the Agency were to implement a pricing structure to support the development of tailored therapy programs for individual participants. This could work in a similar way to the “program of supports” modelling that was recently introduced for group services. It would reduce administrative burden for service providers, by allowing appointments for individual services to be planned and booked in set blocks. It would also facilitate innovation by encouraging design of therapy programs that are structured to achieve specific participant goals over a set period of time.

Enrolment models have also been suggested as a potential approach for some service types. This is unlikely to be a viable option for service providers within the vision sector, because of the episodic manner in which participants tend to access services. We find that participants who are blind or have low vision tend to access service periodically as their needs change, either due to fluctuations in vision, or adaptation to new work, education or living situations. We do not provide daily, or weekly therapy supports, as may be the case in other areas of the disability sector. Variations in frequency of service, along with the fact that we service a small and relatively complex cohort, means that our cost of on-boarding clients, versus the number and monetary value of services provided, is higher than many other providers. For this reason, an enrolment payment model is unlikely to be sustainable or relevant for our service delivery.

## Finding 3: Lack of Transparency around Prices, Volumes, Quality and Outcomes

The consultation paper for this review proposes that improved data collection, public disclosure of prices by providers and increased performance reporting will support participants to become more informed and empowered consumers. While Vision Australia is generally supportive of increased transparency and visibility of pricing, it is our view that most of the challenges participants experience in exercising choice and control stem from other factors within the scheme, such as complexity of plans and funding categories, and unnecessarily bureaucratic processes within the NDIA. These challenges must be urgently addressed but will not be remedied through a redesigned pricing model.

The consultation paper also proposes improved measuring and reporting of provider performance, through the use of tools such as a star rating system. We are aware that such systems are already being used in the context of other services such as aged care, however, we have concerns about their proposed implementation to assess quality of NDIS services. Vision Australia works with people who are blind or have low vision; a small cohort representing approximately 2% of the NDIS participant market. Given both the size and specificity of this cohort, as well as the limited number of providers that offer specialised services in this space, it is doubtful that a star rating system would add value for consumers. NDIS participants have a wide variety of needs, wants, skills and abilities and the way in which they utilise services is consequently highly variable. Assessing services consistently against key performance indicators may therefore prove difficult. Moreover, where there are a limited number of providers addressing a specialised service need for a small cohort, available data may not help consumers to exercise choice and assess quality of like for like services in a way that is meaningful. In addition, star ratings systems have potential to be most effective in markets where they apply consistently across all providers. An example of this can be seen in the aged care system, where all residential care services are identified and assessed against consistent indicators. Conversely, in the current NDIS market, there are large numbers of unregistered providers who are subject to minimal regulation and compliance. Given the NDIA has little visibility of these providers and their service offerings, it is difficult to determine how a star rating system would be applied to them. If unregistered providers were exempt, with the implication that star ratings would only be applied to registered providers, this would severely undermine the consumer value of such a system. Moreover, compliance burden for registered providers would increase significantly, and this is unlikely to be sustainable in the current environment, where cost margins are already extremely thin.

## Finding 4: Foundational Market Reforms

Foundational reforms are needed to ensure that participants are supported to be active consumers, and that providers are incentivised to focus on outcomes. In implementing these foundational reforms, particular priority should be given to environments where there is existing evidence that market forces are not working. Examples of this include thin markets where there are small, difficult to reach or highly specialised cohorts, limited providers, and limited workforce with the skills to deliver necessary services. In the current environment, it is particularly challenging to deliver tailored supports to people who are blind or have low vision in a sustainable way and this is compounded in remote and regional markets where scarcity of participants, workforce and resources are all present. Currently, there is a significant gap between the costs of delivering services in these markets, and the prices which the NDIS pays for them. Organisations like vision Australia have some facility to use philanthropic donations to cover the shortfall, however, this is not sustainable and cannot be relied upon as a long-term solution.

## Conclusion

Vision Australia appreciates the complexity of the NDIS pricing model and acknowledges the commitment this Review has made to finding solutions. While there is considerable opportunity to improve efficiency within the operationalisation of the Scheme, there are several of its current shortcomings that cannot be addressed through pricing reform alone. The admirable tenants of participant choice, value for money and service delivery that is focused on outcomes must be balanced against the complexities of both provider and participant markets that are still in their infancy, and require time, stability and investment in order to develop and mature.

Vision Australia thanks the NDIS Review Pannel for its consideration of this submission. We wish you well in your deliberations and would be happy to provide more information about any of the issues discussed in this paper.

## About Vision Australia

Vision Australia is the largest national provider of services to people who are blind, deafblind, or have low vision. We are formed through the merger of several of Australia’s most respected and experienced blindness and low vision agencies, celebrating our 150th year of operation in 2017.

Our vision is that people who are blind, deafblind, or have low vision will increasingly be able to choose to participate fully in every facet of community life. To help realise this goal, we provide high-quality services to the community of people who are blind, have low vision, are deafblind or have a print disability, and their families.

Vision Australia service delivery areas include:

* Allied Health and Therapy services, and registered provider of specialist supports for the NDIS and My Aged Care
* Aids and Equipment, and Assistive/Adaptive Technology training and support
* Seeing Eye Dogs
* National Library Services
* Early childhood and education services, and Felix Library for 0-7 year olds
* Employment services, including National Disability Employment Services
* Accessible information, and Alternate Format Production
* Vision Australia Radio network, and national partnership with Radio for the Print Handicapped
* Spectacles Program for the NSW Government
* Advocacy and Engagement, working collaboratively with Government, business and the community to eliminate the barriers our clients face in making life choices and fully exercising rights as Australian citizens.

Vision Australia has gained unrivalled knowledge and experience through constant interaction with clients and their families. We provide services to more than 26,000 people each year, and also through the direct involvement of people who are blind or have low vision at all levels of the Organisation. Vision Australia is therefore well placed to provide advice to governments, business and the community on the challenges faced by people who are blind or have low vision fully participating in community life.

We have a vibrant Client Reference Group, with people who are blind or have low vision representing the voice and needs of clients of the Organisation to the Board and Management. Vision Australia is also a significant employer of people who are blind or have low vision, with 15% of total staff having vision impairment.

We also operate Memorandums of Understanding with Australian Hearing, and the Aboriginal & Torres Strait Islander Community Health Service.