

Submission on the IHACPA NDIS Pricing Reform Consultation

20 November 2024

Background

Endeavour Foundation is an independent, for-purpose organisation established in 1951 with a vision to support people with disability to live their best life. We focus on ability – on dreams, goals and potential. Born from the voices of parents who fought for their children to have access to better education and opportunities, today we partner with people with disability to understand and then enact their visions of a better and more accessible future.

Endeavour Foundation has a primary focus on people with intellectual disability. We provide accommodation services to 520 people with disability, learning and life skills programs for more than 890 people and in-home support and community access for 470 NDIS participants across Queensland, NSW and Victoria. Additionally, more than 1,700 people with disability are employed at 28 Endeavour Foundation social enterprises, receiving skill development, and gaining a sense of belonging and independence.

Our subsidiary arm Community Solutions provides specialist behaviour support and therapies for 2,900 people with disability in Queensland and Victoria.

We welcome this opportunity to contribute to IHACPA's review of the approach to NDIS Pricing. Attached is a copy of our submission the NDIS Annual Pricing Review 2024 which outlines our concerns with the inadequacy of price levels, shortcomings of the Support Worker Cost Model and specific concerns about Support Coordination and Behaviour Support pricing.

We provide below additional information responding to issues raised in the A Fresh Approach to NDIS Pricing guide and the current IHACPA survey.

Principles

Endeavour Foundation's highest priority in annual NDIS pricing reviews is to ensure that NDIS plans and prices reflect the true cost of providing quality services and supports that are appropriate and safe for participants and providers.

It is widely agreed that current NDIS prices do not cover the full cost of services, particularly for participants with significant support needs. This failure of current price settings is undermining the quality of services, placing participants at risk and causing market failure as providers exit the scheme. This inadequate pricing also has a direct impact on workforce availability and worker burnout.

An improved approach to NDIS pricing should have the following purposes:

- Enabling all participants to access services, including those with the most complex needs;
- Ensuring providers of quality supports can deliver services over the long term;
- Helping attract and keep a capable workforce.

A fundamental question that we believe the pricing approach needs to consider is: Do larger providers of quality services have an important role in the future of the scheme?

Boards in the disability sector are seriously concerned about the viability of continuing to provide NDIS supports at a significant loss. They are looking for assurance that policy and pricing reforms will ensure people with significant support need will continue to be supported in the future.

Current Price Settings

Currently, NDIS prices are set too low and do not take into account the true cost of delivery. This is having significant impact on participant safety, service quality and provider sustainability. Key concerns are:

- The Support Worker Cost Model is flawed and does not adequately account for the real cost of delivering supports.
- Pricing does not fund the significant amount of regulatory and compliance activity, including client safeguarding, that is required in the scheme.
- Registered providers incur significant additional audit and compliance costs that are not paid by the scheme.
- Inadequate payment for staff training to ensure quality of supports.
- The current pricing model has unrealistic assumptions regarding overheads and indirect costs.
- Prices simply have not kept pace with inflation, increasing cost of business, or wages and associated costs such as portable long service leaves schemes.
- Specialist Disability Accommodation pricing rules do not provide adequate incentive or return on investment – particularly when one room in a shared house is vacant.
- Prices for support in gaining and maintaining employment is inadequate due to the ratios involved.
- Pricing categories and line items are unnecessarily complex, which cause confusion for participants and creates significant effort to check and correct errors.

As a result of the current price settings, the majority of established, quality NDIS providers are operating at a financial loss over several years. Endeavour Foundation has posted significant and increasing financial losses over the last three years, and prior to this, losses were offset by various Covid payments.

This is not sustainable and there are many provider exits – whether closing NDIS supports or closing altogether – and mergers as a result. Support Coordination providers, in particular, are exiting because it is no longer financially viable.

Current pricing is also impacting resources available for supervision and staff management, so that burnout is rising as workloads increase and worker support decreases. Worker turnover rates are increasing and attraction of talent is becoming increasingly difficult.

Unscrupulous providers are responding by inappropriate billing and opportunistic misuse of plan funds, thereby robbing participants of the supports they need.

Timing of price determinations

For several years the NDIA has announced its annual price determination much later than its own policy requires. In 2024, the announcement occurred on the business day prior to new prices coming into effect. This is clearly not acceptable. Providers need more lead time for proper budgeting and financial planning. No other industry would be expected to operate in such an uncertain environment. The 2024 pricing outcome was demonstrably inadequate, only serving to exacerbate the timing issue and throwing organisational budgets into disarray.

The sudden decision in 2024 to remove the price for complex behaviour support was an egregious example of market stewardship failure. Providers committed to delivering these vital supports to some of the scheme's most vulnerable were left with no choice but to continue delivering services without adequate funding. While the removal is now reversed, the requirements for charging these supports against plans remains unclear and there is no process for recouping costs incurred before the reversal was made.

Plans

Many of the current issues stem from issues with the planning process, and changes made in plan reviews. Frequently the hours allocated in plans do not reflect what is required to achieve the plan goals. This is particularly the case for behaviour support and therapy supports.

Arbitrary decisions about changes in support ratios that are not based on changes to participant circumstances, nor reflect what is required to provide safety and wellbeing, often mean providers have to continue providing unfunded supports while appeals and Change of Situation requests are lodged and processed. Often, there is no opportunity to recoup costs for the provision of necessary but unfunded supports, even when funding is later reinstated.

This provision of unfunded supports also becomes necessary when participants exhaust their plans before the plan expires. Providers do not routinely have line of site to the plans and cannot foresee that plan funding may be running out. When this occurs, it is simply not acceptable, or even possible, to cease services while upholding the rights and safety of NDIS participants.

PAPL

The NDIS Pricing Arrangements and Price Limits (PAPL) is difficult for providers and, especially, participants to make sense of. It needs to be simplified and written in a way that makes it easy to read and easy to understand.

Whole teams of billing officers are required in order to properly manage a volume of participants, none of which is recognised in the NDIS pricing. Nevertheless, providers, participants and plan managers regularly make mistakes interpreting the PAPL, and suffer serious consequences as a result of these mistakes.

Frequently there are changes to the PAPL that are not properly announced or explained. This means stakeholders need to constantly monitor the website in order to keep up.

Workforce

The current NDIS pricing does not allow providers to pay a competitive wage and keep workloads reasonable. Without improved pricing, it remains extremely difficult to attract and retain qualified and experience people. This is particularly the case for therapists and behaviour support specialists, although turnover rates are also high among individual support workers and other roles.

Of particular concern is the inability to provide adequate training, professional development and related backfill under the current pricing.

Rural and Regional Pricing

Current Modified Monash Model boundaries don't adequately allow for real cost of service for participants in rural and regional. The current model is sometimes manipulated by unscrupulous providers, and can be exploited when participants move to less remote locations.

While it would be best to revisit the model for pricing regional and rural supports, if MMM is maintained we suggest a graduated pricing model – for example separate and increasing prices for MM1-3, MM4&5, MM6&7.

Better approaches to NDIS Pricing

We believe a fresh approach to NDIS Pricing must focus on ensuring all participants – especially those with the most complex needs – are able to access quality services that safeguard their wellbeing and protect their human rights.

To achieve this, the pricing framework will need to develop a detailed understanding of the true cost of delivering quality supports, and thereby ensure a vibrant and sustainable NDIS market. Given the additional burden on registered providers, pricing should include a premium for quality registered providers.

We note that the material provided by IHACPA includes questions about the potential place for alternative payment arrangements in the NDIS, such as blended payments, copayments, fee-for-service payments, etc. We urge extreme caution in considering these options as they have the potential to create a two-tiered system and undermine the rights of the most vulnerable.

Additionally, providers already have difficulty collecting payments from NDIS participants for non-NDIS costs such as rent and board payments, reimbursement for personal expenses. We fear that any introduction of co-payment would create additional cost and stress for participants and, if payable to the provider, even less revenue for providers.

Already we see an imbalance in plans due to capacity, education and location of participants and their decision-makers. The introduction of co-payment models could further these inequities and entrench privilege within the scheme.

To return to our earlier question: Is there a role for large, quality providers in the future of the scheme? We think the answer should be yes.

Providers like Endeavour Foundation have worked for decades to advance the rights and safety of the most vulnerable in our community. Organisations like ours are hardwired to deliver quality supports and assist people to achieve their goals. Unfortunately, too many of these providers are suffering financial stress and considering their future in the NDIS. A fresh pricing approach will need to provide the right incentives for these organisations to continue in their important role for decades to come.