



Disability
Intermediaries
Australia

Annual Price Review

2023-24

Pricing Submission

Disability Intermediaries Australia Ltd.
April 2023 Submission

SUBMISSION BY

Disability Intermediaries Australia Limited.

CONTACT

Mr Jess Harper
Chief Executive Officer
+61 421 244 824
ceo.office@intermediaries.org.au

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CITATION

If you wish to cite this submission, please use:

DIA, 2023, Annual Price Review 2023-24 Pricing Submission, Disability Intermediaries Australia Limited, Melbourne, Australia.

ACKNOWLEDGEMENT OF COUNTRY

Disability Intermediaries Australia respectfully acknowledges Australia's Aboriginal and Torres Strait Islander communities and their rich culture and pays respect to their Elders past, present and emerging. We acknowledge Aboriginal and Torres Strait Islander peoples as Australia's first peoples and as the traditional owners and custodians of the land and water on which we rely.

We recognise and value the ongoing contribution of Aboriginal and Torres Strait Islander peoples and communities to Australian life and how this enriches us. We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

ACKNOWLEDGEMENT OF RIGHTS OF PEOPLE WITH A DISABILITY

Disability Intermediaries Australia acknowledges the objectives of the United Nations Convention on the Rights of Persons with Disabilities which affirms that all persons with all types of disabilities must enjoy all human rights and fundamental freedoms.

Disability Intermediaries Australia embraces this Convention as we continue to support choice and control and the dignity of risk for all Australians with a disability.



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1. EXECUTIVE SUMMARY

Disability Intermediaries Australia Limited (DIA) is pleased to present this submission which reviews last year's NDIA Annual Price Review and sets out a methodology and assumptions of a Cost Model for Plan Management and Support Coordination supports to inform and guide the National Disability Insurance Agency (NDIA) pricing decisions for these supports.

The NDIA has not to date explained or made publicly available a pricing model or set of assumptions to support the current price limits and price arrangements for either Plan Management or Support Coordination.

DIA's submission last year established structured national data about the operational environment and cost models for Plan Management and Support Coordination.

This was DIA's first year of conducting a national benchmarking program and whilst there always opportunities for development with any new program of work, the benchmarking program was a massive success, resulting in DIA presenting an evidence-base and data driven submission.

DIA has conducted our second national bench-marking program which underpins and provides the evidence basis for this submission.

DIA has further refined our benchmarking program to provide even greater clarity and information on how the Support Coordination and Plan Management markets operate.

DIA invited both its members as well as non-member Plan Management and Support Coordination providers from the Intermediary sector to be involved in our second annual Benchmarking program.

This work was constructed in two separate streams, Plan Management and Support Coordination, to identify the underlying market conditions of each of the intermediary supports.

Overall, the data collected confirmed:

- i. Intermediary Service Providers deliver extremely cost-effective services providing exceptional value for money to the NDIS Participants and the Scheme;
- ii. Current pricing arrangements and limits are driving providers to cease service or focus on

efficient service delivery at the expense of quality.

- iii. Intermediary Service Providers are experiencing substantial increases in workforce related costs with significant difficulties in attracting and retaining a workforce that is focused on delivering quality; and
- iv. The NDIS is a constantly evolving scheme, resulting in substantial impact on the operating environment of providers in the sector. This constant change and evolution continues to put pressure on providers to be agile and responsive, however the current price limits force a focus on service delivery efficiency over agility and responsiveness.

The data ultimately confirmed that Current Price Settings are inadequate to meet the operating costs incurred by the sector, however with a reasonable and measured adjustment to the price limits these pain points could be resolved.

DIA has collected data at each service level / service offering with over **965 responses** from active Intermediary providers covering:

- All States and Territories across Australia;
- Small, Medium and Large-scale Intermediary providers;

- Intermediary providers that deliver services exclusively to particular cohorts of NDIS participants (such as CALD, Rural and Remote, Aboriginal and Torres Strait Islanders and LGBTIQ+ etc).

2. SCOPE OF THIS SUBMISSION

This submission and the cost models have been built and underpinned by Regulations and Policy set by:

- The NDIS Act;
- The NDIS Quality and Safeguards Commission:
 - Code of Conduct
 - Practice Standards
- The NDIA:
 - Operational Guidelines
 - Improving Support Coordination for Participants Policy
 - Guide to Plan Management
 - Pricing Arrangements and Price Limits Documents
 - Website FAQ's and Content
- DIA developed Professional Standards of Practice.

Combined these sources clearly define the current role, scope and function of Plan Management and

Support Coordination, with enough clarity to ensure effective price regulation.

As described in the Annual Price Review Terms of Reference and Consultation Paper, DIA's submission has only taken into consideration existing and current regulation, policy and operational models when making this submission.

As such, DIA has excluded and considered the below out of scope:

1. Items under consideration or a part of the NDIS Review;
2. Items under consideration or a part of the Royal Commission into Violence, Abuse, Neglect and Exploitation of people with a Disability;
3. Future Policy and Existing Policy Gaps including:
 - a. Plan Management
 - i. Liability
 - ii. Debt Recovery
 - iii. Any future model of service
 - b. Support Coordination
 - i. Planning Decision of the NDIA (i.e. how many hour of service are being funded as reasonable and necessary).
 - ii. Any future model of service

The NDIA must not consider the absence of these areas as acceptance or agreement, rather a clear understanding that these matters will be address through other reviews and would be presumptuous to include them in a Pricing Submission at this stage.

The outcome of other reviews and policy considerations are expected to inform, impact and direct future pricing reviews.

3. ABOUT DISABILITY INTERMEDIARIES AUSTRALIA

DIA is Australia's peak body for disability intermediary service organisations and practitioners.

Collectively, DIA members deliver Support Coordination and Plan Management services for Australians with all types of disability.

DIA members deliver services to all most half of all NDIS Participants across Australia

DIA members (providers and practitioners) deliver Support Coordination and Plan Management services to almost half of all NDIS Participants, over 255,000 NDIS participants across Australia.

DIA members service more than 71 per cent of all market share of the Support Coordination and Plan Management markets.

4. INTERMEDIARIES

NDIS participants are able to engage highly skilled intermediary supports, Plan Management (Financial Intermediary) and Support Coordination (Service Intermediary), these two distinct services assist participants to manage their NDIS budgets and the procurement and coordination of support arrangements with providers.

Intermediary organisations play a critical, and yet often underfunded, role in negotiating support costs with providers, making arrangements for support delivery and providing information and ongoing support to providers regarding the specific

needs of their clients, to guide NDIS participants through the complexity of the scheme, to better inform participants and to assist administer where needed, payment arrangements.

In 2022/23 Quarter 2

**66% of Participants
opted to utilise a Plan
Manager**

**56% of Participants
were funded for
Support Coordination**

5. RECOMMENDATIONS

DIA makes the following recommendations which are supported in evidence and data in the following sections of this submission.

5.1. SUPPORT COORDINATION

RECOMMENDATION ONE

Increase Support Coordination price limits.

| | National | Remote | Very Remote |
|---|--|--|--|
| Support Coordination Level 1 Support Connection 07_001_0106_8_3 | \$76.65 Plus any increase to the 2023-24 SCHADS Award | \$106.70 Plus any increase to the 2023-24 SCHADS Award | \$114.32 Plus any increase to the 2023-24 SCHADS Award |
| Support Coordination Level 2 Coordination of Supports 07_002_0106_8_3 | \$118.14 Plus any increase to the 2023-24 SCHADS Award | \$161.54 Plus any increase to the 2023-24 SCHADS Award | \$173.09 Plus any increase to the 2023-24 SCHADS Award |
| Support Coordination Level 3 Specialist Support Coordination 07_004_0132_8_3 | \$212.58 Plus any increase to the 2023-24 SCHADS Award | \$294.40 Plus any increase to the 2023-24 SCHADS Award | \$315.43 Plus any increase to the 2023-24 SCHADS Award |

DIA understands that the outcomes of the NDIS review may have future impacts on pricing arrangements and price limits for Support Coordination.

DIA would accept these pricing increases to be introduced as a temporary measure until the outcomes of the NDIS review and their impacts on pricing arrangements and limits for Support Coordination are known and implemented.

This balances the need for urgent pricing increases required for the sector to remain viable whilst the NDIS Review is conducted, and its outcomes implemented.

RECOMMENDATION TWO

Include Support Coordination in NDIS Bereavement Addendum

DIA recommends that Support Coordinators be able to claim up to 10 hours in the 30 days after a participant's death where they are required to undertake Coordination activities (e.g. Coordinating the ceasing of services with providers, ensuring providers promptly make claims for services delivered prior to the participants passing and providing a report(s) to the NDIA where requested etc.) in respect of a participant.

5.2. PLAN MANAGEMENT

RECOMMENDATION THREE

Increase Plan Management Price Limits

| | National | Remote | Very Remote |
|--|---|---|---|
| Plan Management Set Up Fee 14_033_0127_8_3 | \$254.61 <small>Plus any increase to the 2023-24 SCHADS Award</small> | \$356.45 <small>Plus any increase to the 2023-24 SCHADS Award</small> | \$381.93 <small>Plus any increase to the 2023-24 SCHADS Award</small> |
| Plan Management Monthly Fee 14_034_0127_8_3 | \$114.45 <small>Plus any increase to the 2023-24 SCHADS Award</small> | \$146.23 <small>Plus any increase to the 2023-24 SCHADS Award</small> | \$171.67 <small>Plus any increase to the 2023-24 SCHADS Award</small> |

DIA understands that the outcomes of the NDIS review may have future impacts on pricing arrangements and price limits for Plan Management.

DIA would accept these pricing increases to be introduced as a temporary measure until the outcomes of the NDIS review and their impacts on pricing arrangements and limits for Plan Management are known and implemented.

This balances the need for urgent pricing increases required for the sector to remain viable whilst the NDIS Review is conducted, and its outcomes implemented.

RECOMMENDATION FOUR

Reconsider last year’s decision regarding plan managers ability to claim for a set-up fee where a plan is extended.

DIA recommends that the note added to the NDIS Pricing Arrangements and Price Limits document last year be removed, and to facilitate a Registered Plan Manager to be able to reasonable charge for the work they do to implement a plan extension.

To deny Participants this support simply because a Plan Number might remain the same is disingenuous and limits a participant to gain the required support to fully implement, they extended plan.

DIA notes that this position was put into the NDIS Pricing Arrangements and Price Limits document last year without discussion, consultation or evidence to support this change is position.

5.3. PLAN MANAGEMENT

RECOMMENDATION FIVE

Implement a Technology Transitional Loading, Payment or Similar

DIA have explored costs associated with this recommendation in Section 11 below, which support this recommendation.

5.3.1. PACE

DIA recommends that the NDIA adequately consider the true cost and transitional burden being thrust onto Support Market to transition to NDIA's new PACE system.

The NDIA has not provided or implemented reasonable measures to mitigate the cost burden and loss / reduction in efficiency on Providers.

Providers have been forced (no ability to opt out) into absorbing significant costs for the NDIA to Pilot / Test the new PACE System in Tasmania and will further be burdened with transitional costs in response to the full roll out of PACE.

This will include:

- Re-training of workers to operate within the new system.
- Lost and/or reduced productivity as the system is progressively rolled out.
- Technology costs to respond to, redesign and implement Providers Business Systems to align with a wholesale change in NDIA's system architecture, design and function.

These costs are likely to be significant over the course of the 2023-24 Financial Year and the NDIA should deeply consider how to support the Providers that are being forced to bear significant costs.

5.3.2. CYBER SECURITY

The NDIA has significantly increased its technical and procedural requirements to access digital channels such as API's. Recently requiring providers to undergo ISO 27001 certification.

To achieve this, providers are required to undertake 2 stages of Audits. Certification audits cost between \$15000 and \$50000, depending on the certified auditor. Beyond this, periodic surveillance audits which are required cost between \$7500 and \$25000. Typically, surveillance audits cost about half the initial two stage audit costs.

Beyond, in the last week then NDIA have indicated that they will be asking even more from Providers to further bolster scheme cyber security. There is not specific details on what these measures will be, however it is clear in the language provided by the NDIA that these will not be insignificant.

Whilst DIA is not only supportive but champions robust measures to bolster scheme wide cyber security these costs have not been factored into the pricing agreements set by the NDIA.



6. INTRODUCTION

One of the founding principal objectives of the National Disability Insurance Scheme (NDIS) is for people with disability to self-direct and exercise choice and control over how, and with which providers, they spend their available NDIS budgets.

The role of pricing in the NDIS is therefore highly important. Prices, or more precisely participants' choices in response to the prices they face in the market, reflect the preferences and relative values that different participants place on different types of supports.

Prices affect the purchasing power of participants, with higher prices reducing the supports participants can purchase within a given support budget. Prices also affect the total costs of the NDIS and therefore its financial sustainability, and the allocation of resources to the NDIS.

Designed to work as a market of service providers, the cost of services under the NDIS is one of the most important factors in ensuring value for participants, the correct provision of care, and the long-term viability of the Scheme in supporting Australians with a disability.

The NDIA acts as a steward of the NDIS through imposing regulation and controls on the market as it continues to adapt, until efficient prices can be fully realised, and the correct mix of disability services has been established.

To underpin the price controls of services, generally the NDIA employs a Cost Model which estimates the cost-of-service provision of NDIS services.

The NDIA has not to date explained or made publicly available a pricing model or set of assumptions to support the current price limits and price arrangements for either Plan Management or Support Coordination.

For the second year in a row, DIA propose a cost model that considers multiple factors including wage awards, leave and non-billable time, supervision and operational overheads.

The output of this model is intended to be used to support the Annual Price Review.

7. DATA SOURCES AND COVERAGE

The development of the attached cost models involved the ongoing national collection of information on Intermediary operating costs across Australia.

The data forms a position to understand the various service structures and offerings nationally. The collection and analysis of data has focused on both operating revenues and costs for both Plan Management and Support Coordination.

Both publicly available information and data sourced through engagement with providers has been used in the construction of this submission and cost models.

In most cases, information has been collected directly from providers and unless specifically requested or instructed otherwise, publicly available information or the 'most standard' information available has been used. Where data was not available, information has been collected directly from providers.

DIA invited both its members as well as non-member Plan Management and Support Coordination providers from the Intermediary sector to complete this year's annual benchmarking program. The survey could be completed via an online survey platform, via return email or in 1 on 1 sessions with DIA.

DIA has made a number of improvements to our bench-marking program to ensure even greater accuracy and precision by our respondents. This has only been possible because of the trust built through our inaugural bench-marking program last year. DIA will continue to develop and improve our program each year to better inform the work that DIA does in supporting the market.

DIA collected data from 965 unique respondents (511 Plan Management Submissions and 454 Support Coordination).

In addition, DIA has collected data from sources including FOI requests, Senate Estimates, Publicly Available Sources and Other Sources. The data collected and utilised to support this submission contains over 1,635,500 individual data points.



8. SUPPORT COORDINATION

Support Coordinators, also known as service intermediaries, play a significant role in assisting participants of the NDIS in achieving quantifiable and positive outcomes whilst maintaining and building the capacity of participants.

Where funded, a Support Coordinator will assist Participants to understand and implement the funded supports in their plan as well as link them to community, mainstream and other government services.

A Support Coordinator will assist Participants to negotiate with providers and assist them to 'optimise' their plan and get the most out of their funded supports. Support Coordination is a capacity building support under the NDIS. The focus of this support is activities to:

- Assist a Participant to develop their skills, independence and confidence to act on their own and reduce reliance on funded supports over time.
- Assist a Participant to maintain their current levels of capacity through their supports to prevent or reduce loss that would result in increased support needs.

Support Coordination Levels

Level 1

Support Connection

This level of support will assist a Participant to understand their NDIS plan, connect with service providers and support the Participant to establish support to achieve the most out of their plan.

Level 2

Coordination of Supports

This level of support is funded where there is greater complexity in the support environment and/or the Participant's circumstances. Coordination of supports will assist a Participant to understand their NDIS plan, reduce barriers to engage and maintain supports, design support approaches, establish supports, and monitor the support over the course of their plan to achieve the Participants goals and outcomes.

Level 3

Specialist Support Coordination

This level utilises expert or specialist approaches and will be funded in a Participant's plan where a specific high and/or complex support needs or risks that require active specialised management have been identified.

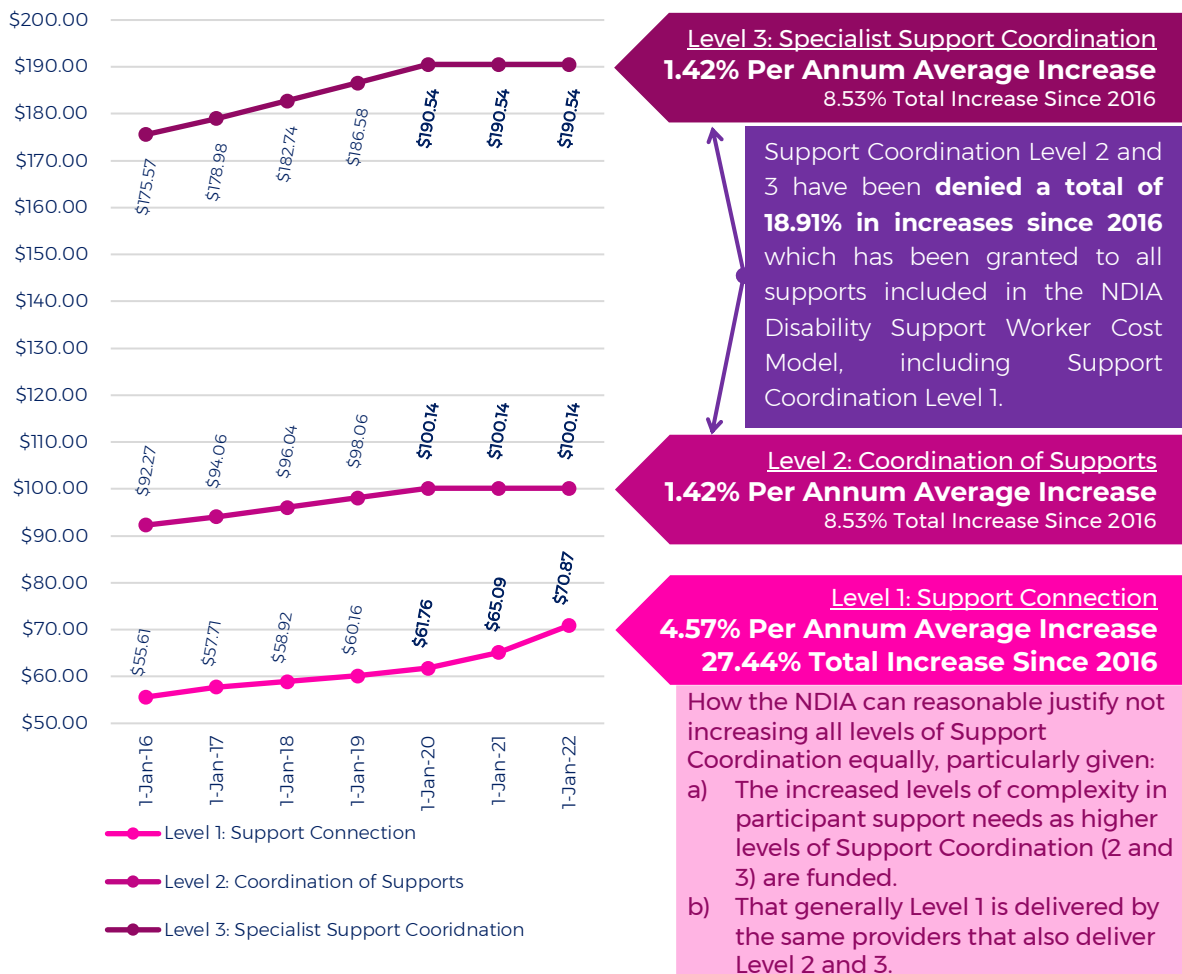
8.1. BACKGROUND OF SUPPORT COORDINATION PRICE LIMITS

The current pricing model and arrangements for Support Coordination is based on the work undertaken by the NDIA which dates back to 2016.

Level 1: Support Coordination has since 2016 for the most part, noting some minor discrepancies in early years, been fixed to the NDIA Disability Support Worker Cost Model as such each year the price limit for this level of Support Coordination has increased every year taking into consideration CPI rates and Award Wage increases.

Level 2: Coordination of Supports and Level 3: Specialist Support Coordination are not included in the NDIA Disability Support Worker Cost Model as such the price limits for these levels of Support Coordination have not increased in line with CPI or and Award Wage increases. Since 1 July 2020 the price limit for Support Coordination Level 2 and 3 have been frozen.

Support Coordination Price Limits Since 1 July 2016



In 2016 the NDIA set the foundational pricing structure for Support Coordination. Despite the NDIA stating that the price limits for Support Coordination Levels 2 and 3 “were not set by reference to a specific cost model.” DIA understand that the NDIA has used some modelling or assumptions when establishing the Price Limits back in 2016.

DIA has been able to locate photos of slides from presentations delivered by the NDIA to providers in Victorian ahead of the Price Guide release in July of 2016, which provide a reasonable assumption as to how the prices were established for each level of Support Coordination.

DIA notes that whilst the below does not confirm that a full cost model was established for Support Coordination it does clearly indicate many of the assumptions that underpin the current disability support worker cost model, with items like the level of listed Award for workers, Billable hour rate assumptions (utilisation) and balancing measures for flat hourly rate limits.

2016 Assumption for Support Coordination Level 1: Support Connection

SUPPORT COORDINATION

Support connection (07_001_0106_8_3)

Assistance to strengthen participant's abilities to coordinate supports & participate in the community. This includes resolving points of crisis, developing capacity & resilience in a participant's network & coordinating supports from a range of sources.

Price Limit: \$56.61

- This price limit has been set to align with the price limits of other services that are delivered by similarly experienced and skilled workers and delivered at a similar rate of intensity. These are not interchangeable services, however have been used to support this price limit.
- These other supports include:
 - Life transition planning including mentoring, peer support and individual skill development (09_006_0106_6_3)
 - Transition through school and to further education (13_030_0102_4_3)
 - Assistance with accommodation and tenancy obligations (08_005_0106_2_3)
 - Financial intermediary - set up costs (14_033_0127_8_3)
 - Financial intermediary monthly processing (14_034_0127_8_3)
- As with the the above supports, this support assumes workers are employed as Community Services Worker Level 3, Paypoint 2 as per the Award.

2016/17 NDIS Price Guide: Provider Information Sessions

SUPPORT COORDINATION



Coordination of supports (07_002_0106_8_3)

Further qualifications/experience required to strengthen a higher needs participant's ability to coordinate their supports & participate in the community. This may include resolving points of crisis, & developing resilience in the participant's network.

Price Limit: \$92.27

This price limit has been set taking into consideration a range of factors including:

- Billable hour ratio of around 70% due to:
 - Participants complex individual support needs and higher intensity levels.
 - Likely levels and duration of point of crisis during a Participants Plan.
- This supports assume workers are employed as Community Services Worker Level 5, Paypoint 1 as per the Award.
- Supervision by highly skilled senior workers (likely Allied Health, Therapy qualified or Community Services Worker Level 7, Paypoint 3).
- Continuous Improvement and Professional Development given the ongoing development, continuing change and implementation of the NDIS.
- Blended rate (balancing) for simple flat hourly rate price limits that considers afternoon, weekend, public holiday and broken shift wages rates etc. Whilst most service is expected to be delivered during normal business hours, this blended rate provides the Participant with the maximum choice and control without being concerned about increased costs associated with out of normal business hours service. This also has significant streamlining of NDIS Planning functions and efficient billing for providers.

2016/17 NDIS Price Guide: Provider Information Sessions

SUPPORT COORDINATION



Specialist support coordination (07_004_0132_8_3)

Time limited support coordination, within specialist framework necessitated by high risks in participant's situation, to address barriers and reduce complexity in environment, assisting to connect with supports, build capacity and resilience.

Price Limit: \$175.57

This price limit has been set taking into consideration a range of factors including:

- Billable hour ratio of around 65% due to:
 - High complex individual support needs at significantly higher intensity levels.
 - High levels and duration of points of crisis during a Participants Plan.
- There is not an award that this supports neatly fits under. This level of Support Coordination is likely to be delivered by Allied Health Professionals, Qualified Therapy Practitioners or Similar. The NDIA assumes workers are employed as one of the professions listed or under Community Services Worker Level 8, Paypoint 3 with an addition 8% loading.
- As with above, Supervision by highly skilled workers (Senior Allied Health, Qualified Therapy Practitioners or Similar). The NDIA assumes workers are employed as one of these professions listed or under Community Services Worker Level 8, Paypoint 3 with an addition 16% loading.
- Continuous Improvement and Professional Development given the ongoing development, continuing change and implementation of the NDIS.
- Blended rate (balancing) for simple flat rate hourly rate price limits that considers weekend, afternoon, public holiday and broken shift rates, noting most service is expected to be delivered during normal business hours. This also has significant streamlining of NDIS Planning functions and efficient billing for providers.

2016/17 NDIS Price Guide: Provider Information Sessions

8.2. SUPPORT COORDINATION CURRENT VALUE OFFERING

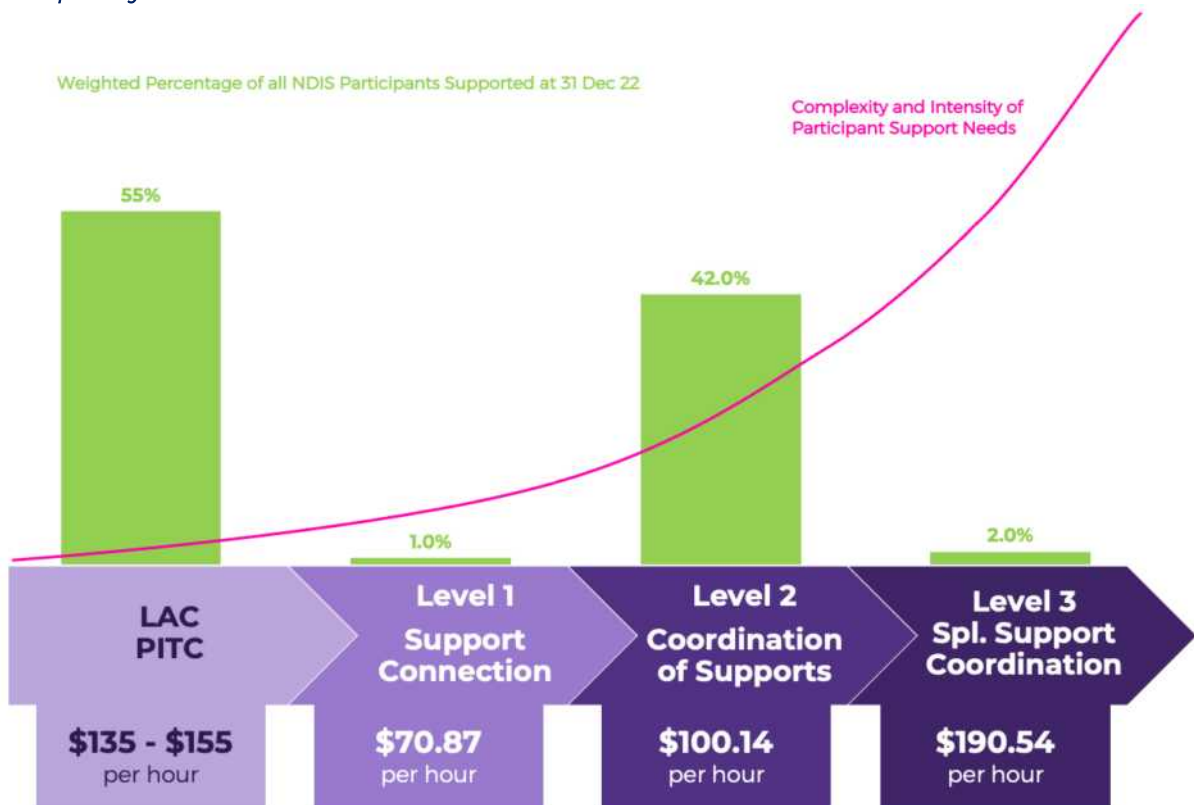
Participants are supported to implement their plan with the support of either an LAC / PITC or funded for Support Coordination. It is important to note that Support Coordinators provide more than just navigation and plan implementation support and as such the below is not comparing like for like services or participant need.

However, despite Support Coordinators providing a high level of support to participants with more complex support needs they are funded per hour at significantly less, save for Level 3, than an LAC / PITC. Support Coordinators deliver a significant saving to the NDIS whilst producing greater outcomes.

DIA understands that if all participants receiving Level 1 and Level 2 Support Coordination were to be supported by an LAC / PITC for the year ending 31 Dec 2022 it would cost the scheme an additional **\$586m**, assuming the same number of hours of participant support.

Participant Plan Implementation Supports by percentage of participants supported by each level, the hourly price limit / rate against the levels of participant complexity.

Last Year Support Coordinators Saved the NDIS \$586m, whilst supporting participants with more complex support needs.



Looking beyond the NDIS for comparisons we must examine other like sectors. Of particular comparison is Aged Care and Care Finder. Whilst recognising these offerings support a different cohort of people, in DIA's view these are similar products for comparison because:

- They both support vulnerable Australians within a Government Social Services Scheme; and
- They both have a safeguarding and compliance regime that broadly aligns with the NDIS Quality and Safeguarding Framework.

Package based aged care hourly rate of \$126 is likely to have substantial upward pressure in the 2023-24 year because the Commonwealth has committed to funding the Fair Work Commission wage increase across Aged Care, effectively a 15 per cent increase to be implemented 1 July 2023.

8.3. SUPPORT COORDINATION MARKET SIZE, GROWTH AND EXITS

This year's 2023-24 Annual Price Review consultation paper states that there were 6,143 providers who received a payment for Support Coordination in the December 2022 quarter. This is contrasted by the 4,512 providers who provided support coordination in the December 2021 quarter, indicating a 36% increase to provider numbers compared to the previous year.

DIA questions the preface or insinuation that an increase in active providers means that the market is healthy and in turn does require an increase in price limit. It should be noted that the number of active providers delivering Assistance Services (Core Support) has grown beyond well beyond that of Support Coordination over the same period however despite this has been over the past 4 years continued to require an increase to the price limit for those services.

Number of active providers in the Quarter and Percentage Change between the two periods:

| | Quarter to 31-Dec-21 | Quarter to 31-Dec-22 | Percentage of Change |
|---|-------------------------|-------------------------|-------------------------|
| Assistance services: Assistance with daily life tasks in a group or shared living arrangement | 1866 | 3295 | 77% |
| Assistance services: Assistance with travel/transport arrangements | 982 | 2786 | 184% |
| Assistance services: Daily Personal Activities | 2631 | 4549 | 73% |
| Assistance services: Group and Centre Based Activities | 1614 | 3034 | 88% |
| Assistance services: High Intensity Daily Personal Activities | 1475 | 2999 | 103% |
| Assistance services: Household tasks | 2378 | 5398 | 127% |
| Assistance services: Interpreting and translation | 325 | 636 | 96% |
| Assistance services: Participation in community, social and civic activities | 2932 | 4878 | 66% |

Beyond the clear disparity in price regulation based on the growth of providers within a given area of the scheme. DIA questions these figures, as they differ sizably from those stated previously by the NDIA in the Quarterly reports.

Number and proportion of providers active in 2022-23 Q2 by registration group and first quarter of activity – National

| Registration Group | Active in previous quarters and in 2022-23 Q2 | Active for the first time in 2022-23 Q2 | Total |
|--|---|---|-------|
| Capacity Building Services: Assistance in coordinating or managing life stages, transitions and supports | 3,016 | 171 | 3,187 |
| Choice and control support services: Support Coordination | 768 | 90 | 858 |

Totalling: 4045 active providers in the 2022-23 Q2, 31 December 2022.
 Number and proportion of providers active in 2021-22 Q2 by registration group and first quarter of activity – National

| Registration Group | Active in previous quarters and in 2021-22 Q2 | Active for the first time in 2021-22 Q2 | Total |
|--|---|---|-------|
| Assistance in coordinating or managing life stages, transitions and supports | 2,532 | 180 | 2,712 |
| Support Coordination | 599 | 64 | 663 |

Totalling: 3,375 active providers in the 2022-23 Q2, 31 December 2021.

DIA notes that not all of these providers in these two registration groups deliver Support Coordination services as there are other supports that are delivered under the ‘Assistance in coordinating or managing life stages, transitions and supports’ group.

Putting this aside and assuming that all of these providers do in fact delivery Support Coordination, this would be a 19.85% percentage change in the number of providers between the two periods.

However, this is masking a significant shift in providers operating in the sector since 1 July 2022. DIA has seen a significant number of exits from the sector, with a larger number of these being large providers. In many cases we are seeing the workers from the large providers that are exiting establishing their own small business and continuing to service the same participants that they were.

DIA has seen this play out in dozens of instances where you have 1 large provider exit and 20 ‘new’ small providers enter which are just the staff of the exited provider.

DIA supports new entrants to the market but to claim or infer that this increase in the number of providers is a sign of a healthy market demonstrate the lack of market monitoring currently being undertaken by the NDIA.

Since 1 July 2022, DIA's market analysis and view of new members indicates that around 80% of the 'new providers' entering the market are in fact employees of exited providers.

This has been achieved by monitoring market exits and comparing that with new business registrations (ABN data, NDIA Provider Finder, DIA Membership Data and Other Public Provider Finders) that have been established to deliver services in the NDIS.

Generally, these 'new' small organisation have limited supervision capacity, professional development processes, systems, compliance measures etc. Ultimately diluting the level of quality and increasing the service variability across the market.

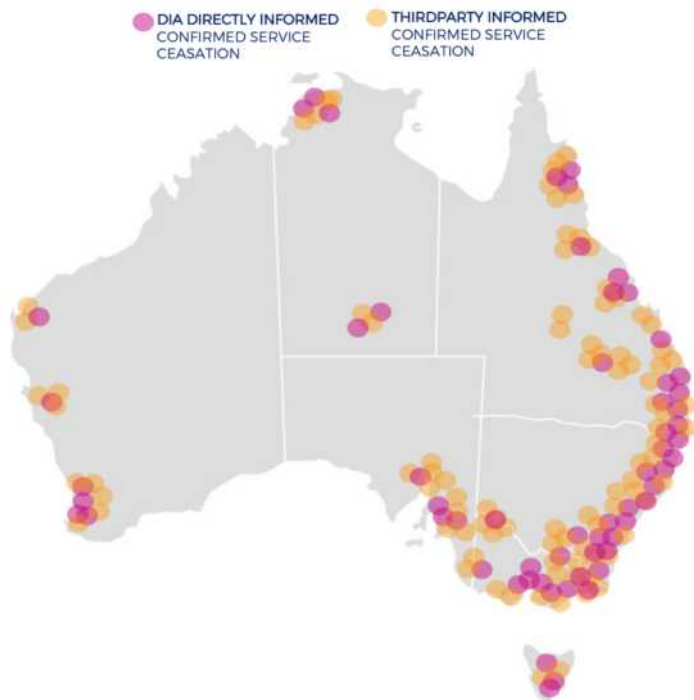
At the Disability Royal Commission Public Hearing 32, the NDIA General Manager Provider & Market Development stated that the NDIA receives 'anecdotal feedback' from participants about the variable quality of support coordination.

A statement that has been repeated by the NDIA countless times since 2020. Given this DIA has to question why pricing has not been established to support increased quality and transition. Instead of focusing on efficiency which is leading to reduced quality within the sector to remain viable.

Support Coordination providers are ceasing service in droves and the NDIA has been asleep at the wheel. DIA has seen significant numbers of providers exit the market, cease support, reduce support, or cease taking on new participants. Noting, NDIS Participants with Support Coordination funding are, generally, participants with more complex support needs and present with increased vulnerability.

DIA has on numerous occasions, had to step in to support organisations to exit and to find alternative supports for participants. Whilst DIA recognise that the NDIA too has undertaken to provide some support to exiting Support Coordination businesses, this support has been patchy, inconsistent and with no clear pathway, contact points or process. This is despite the NDIA's instance that support would be provided to any exiting provider.

Whilst DIA agrees that it's not the role of government to ensure every business is financially successful, with such volumes of exits and transition of participants to alternative Support Coordination services without a clear and defined path, DIA is gravely concerned that Participants will fall through the cracks. Much of this trauma could have been avoided by a modest change to the NDIA price limit last year.



In the 12 months to 31 Dec 2022 DIA is aware of over 400 Support Coordination Providers that have ceased, impacting over 9000 NDIS Participant

DIA has on numerous occasions raised significant concerns about the viability of Support Coordinators to the NDIA. With insufficient response and given the repeated NDIA's statement *"The NDIA will continue to monitor the support coordination market"*, DIA sort through FOI (22/23-0206) on the 5th August 2022 to understand the level of market monitoring being undertaken by the NDIA.

To DIA's surprise the level of market monitoring was rudimentary at best, relying on reports and direct approaches from exiting providers. Where there is no currently no requirement to do so. It is clear that at the point of last year's 2022-23 annual price review the NDIA, despite DIA's genuine and transparent engagement, had little understanding of the operating environment of Support Coordinators.

"We are just hanging on by our fingernails. If we don't see a significant price increase for Support Coordination, we will be forced to shut our doors."
DIA Member NSW

48 media articles have published on this topic between 1 July and 31 Dec 2022. Below are a small sample of these:

- <https://www.abc.net.au/news/2022-08-16/ndis-support-price-freeze-businesses-exit-market/101308960>
- <https://www.abc.net.au/news/2023-01-11/anglicare-tasmania-ndis-announcement-disability-services/101843438>
- <https://www.bay939.com.au/news/local-news/138689-administrators-confirm-permanent-encompass-closure>
- <https://p2pql.org.au/2022/07/08/organisational-changes>

This sentiment is supported by a significant number of our members and the broader sector. DIA has for some time been concerned about systemic lack of supply should these providers all seek to exit in the coming months.

8.4. SUPPORT COORDINATION BENCHMARKING RESPONDENT PROFILE

At the time of closing responses to DIA’s benchmarking program, DIA had received 454 individual responses from Support Coordination providers. In terms of the survey’s representation of the broader Support Coordination market, of the 454 responses received 89% identified as ‘For Profit’ and 11% as ‘Not for Profit’.

Support Coordination Survey Responses by Organisational Structure

| Structure | Number of Responses | Percentage of Responses |
|----------------|---------------------|-------------------------|
| For Profit | 404 | 91% |
| Not for Profit | 50 | 9% |
| Not Stated | - | - |

The respondent’s coverage of the States and Territories showed a higher proportion of respondents in the three larger jurisdictions (NSW, Victoria and Queensland) which highlights the more local nature of Support Coordination organisations compared to the more national nature of the Plan Management market.

Support Coordination Survey Responses by Jurisdiction of Participants Serviced

Responses greater than the 454 responses received as respondents service multiple jurisdictions. Percentage sum greater than 100% due to multiple jurisdiction coverage of respondents.

| Jurisdiction of Service | Number of Responses | Percentage of Responses |
|-------------------------|---------------------|-------------------------|
| ACT | 40 | 9% |
| NSW | 163 | 36% |
| NT | 32 | 7% |
| QLD | 104 | 23% |
| SA | 68 | 15% |
| TAS | 32 | 7% |
| VIC | 159 | 35% |
| WA | 54 | 12% |

The respondents were also asked the number of individual participant's that their organisation supports to identify the size of operations within the Support Coordination market.

The respondents classified as 'Small' represented 19%, 'Medium' represented 49% and 'Large' represented 32% of the survey.

Support Coordination Responses by Number of Participants Supported

| Size by Number of Participants | Number of Responses | Percentage of Responses |
|--------------------------------|---------------------|-------------------------|
| Small | 86 | 19% |
| Medium | 223 | 49% |
| Large | 145 | 32% |

8.5. FINANCIAL RESULTS – SUPPORT COORDINATION

The survey responses showed that 80% of respondents reported that they made a Loss / Deficit or Break-Even, with only 21% of the respondents reporting a Profit / Surplus.

Support Coordination Responses by Financial Result

| Financial Result '22 | Number of Responses | Percentage of Responses |
|----------------------|---------------------|-------------------------|
| Profit / Surplus | 90 | 20% |
| Loss / Deficit | 282 | 62% |
| Break Even | 82 | 18% |
| Not Provided | - | - |

Analysis of the financial results data shows that organisations categorised as 'Small' and 'Medium' have a similar percentage of financial result as each other.

Organisations categorised as 'Large' have a lower percentage of respondents reporting a 'Profit / Surplus' financial result. This indicates that organisations of a larger scale find it more difficult to deliver Support Coordination supports at a profitable level.

Percentage of Financial Result by Respondent Organisational Size

| Size of Organisation | % Profit / Surplus | % Loss / Deficit | % Break-Even |
|----------------------|--------------------|------------------|--------------|
| Small | 25% | 55% | 20% |
| Medium | 21% | 61% | 18% |
| Large | 16% | 65% | 17% |

The organisational structure showed some minor differences in terms of financial results from the survey with the percentage of respondents reporting a Profit only significantly different for large providers. All other response is similar across the two categories.

Percentage of Financial Result by Respondents Organisational Structure

| Structure | % Profit / Surplus | % Loss / Deficit | % Break-Even |
|----------------|--------------------|------------------|--------------|
| For Profit | 19% | 62% | 19% |
| Not For Profit | 25% | 59% | 16% |
| Not Stated | - | - | - |

Overall, the survey results showed that only 20% of the respondents returned a 'Profit / Surplus' for the 2022 Calendar Year with organisational structure playing only a minor factor in determining the financial outcome, with not-for-profit entities reporting marginal better financial performance of for profit entities.

The survey results would indicate that there is a small benefit in being an organisation of a 'Small' size compared to those of a 'Medium' or 'Large' size in terms of the number of participants supported. With some further minimal benefit in being a not-for-profit entity.

This is further supported by anecdotal evidence which has been presented for the last 2 years, in which Support Coordination providers have indicated the difficulty in developing and scaling up operations within the current pricing structure.

This is further supported in the data of market exits.

8.6. BENCHMARKING RESULTS – SUPPORT COORDINATION

The Support Coordination Survey consisted of series of areas of exploration. This year DIA requested a specific pay point to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

General themes include:

- a. Viability Concerns.
- b. Market Exits.
- c. Increases in workforce costs with no ability to pass these on to the consumer given price limits.
- d. Inflationary pressures impacting operation and corporate overheads.
- e. Registration costs, respondents reporting registration audit costs of between \$8,000 to \$15,000.
- f. Increasing costs on compliance and reporting activities to both the NDIA and NDIS Commission.
- g. Inadequate quantity of support (volume of hours).

8.6.1. EMPLOYMENT CONDITIONS – SUPPORT COORDINATION

The common reference point in the disability sector for base pay conditions is the Social, Community, Home Care and Disability Services (SCHADS) Award which the NDIA use as a base for the Disability Support Worker Cost (DSW) model across four different levels.

The Support Coordination sector is overwhelmingly dominated by the SCHADS Award for both Participant Facing and Supervisory staff.

Percentage of Respondents by Award / Agreement – Workers (Participant Facing)

| Award / Agreement | % of Respondents | % Shift in the past 18 months |
|-------------------|------------------|-------------------------------|
| SCHADS | 92% | ▲ 3% |
| Other | 8% | ▼ 3% |

Percentage of Respondents by Award / Agreement – Supervisors

| Award / Agreement | % of Respondents | % Shift in the past 18 months |
|----------------------|------------------|-------------------------------|
| SCHADS | 91% | ▲ 2% |
| Individual Agreement | 6.5% | ▲ 1% |
| Other | 3.5% | ▼ 2% |

8.6.2. BASE RATE OF PAY

The DIA benchmarking survey asked respondents to indicate base levels of pay for Levels 1, 2 and 3 Support Coordination and for ‘Supervisory’ workers at each of the three levels.

This year DIA requested a specific pay point to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

Base rate of pay for Support Coordination Levels 1, 2 and with Supervisors

| | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|---|---------|---------|---------|---------|---------|---------|
| Level 1: Support Connection - Worker | \$36.42 | \$36.23 | \$36.42 | \$36.42 | \$36.61 | \$36.87 |
| Level 1: Support Connection - Supervisor | \$47.86 | \$47.67 | \$47.86 | \$47.86 | \$48.06 | \$48.42 |
| Level 2: Coordination of Support - Worker | \$47.86 | \$47.61 | \$47.86 | \$47.86 | \$48.19 | \$48.54 |
| Level 2: Coordination of Support - Supervisor | \$58.05 | \$57.82 | \$58.05 | \$58.05 | \$58.36 | \$58.49 |
| Level 3: Specialist Support Coordination - Worker | \$68.22 | \$67.94 | \$68.22 | \$68.22 | \$68.34 | \$68.52 |
| Level 3: Specialist Support Coordination - Supervisor | \$72.20 | \$72.04 | \$72.20 | \$72.20 | \$72.41 | \$72.61 |

The per hour base pay rate for Support Coordination Supervisors was consistent across organisational size and structure.

8.6.3. DIRECT ON-COSTS

The DIA benchmarking survey asked respondents about the costs of employment associated with Superannuation entitlements, Annual Leave

entitlements, Personal Leave entitlements, Long Service Leave entitlements and Employee Allowances.

This year DIA requested a specific amounts, dollars, hours and percentages to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

Direct On-Costs for Support Coordination Levels 1, 2 and 3

| | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|----------------------------|-------|-------|-------|-------|-------|-------|
| <u>Annual Leave</u> | | | | | | |
| - Hours accrued in a year | 152 | 152 | 152 | 152 | 152 | 152 |
| - Loading | 17.5% | 0% | 17.5% | 17.5% | 17.5% | 17.5% |
| <u>Personal Leave</u> | | | | | | |
| - Hours accrued in a year | 76 | 76 | 76 | 76 | 76 | 76 |
| <u>Public Holidays</u> | | | | | | |
| - Hours of public holidays | 106 | 91 | 106 | 106 | 114 | 121 |
| <u>Superannuation</u> | | | | | | |
| - 2022-23 Rate | 10.5% | 10.5% | 10.5% | 10.5% | 10.5% | 10.5% |
| - 2023-24 Rate | 11% | 11% | 11% | 11% | 11% | 11% |
| <u>Employee Allowances</u> | | | | | | |
| - Allowance Rate | 1% | 0% | 1% | 1% | 1.5% | 2% |

8.6.4. OPERATIONAL OVERHEADS

The DIA benchmarking survey asked respondents about Operational Overheads including those costs which are in the operational control of the provider such as workers compensation costs, utilisation costs, supervision costs and workforce rostering and balance measures such as the share of the workforce that is permanent or casual, the extent to which overtime is used by the business, and blending to a flat fee rate factoring afternoon, weekend and public holiday rates etc.

This year DIA requested a specific amounts, dollars, hours and percentages to ensure greater consistency and specificity in responses.

Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

Operational Overheads for Support Coordination Levels 1, 2 and 3

| Total Operational Overheads per hour (\$) | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|---|---------|---------|---------|---------|---------|---------|
| Level 1: Support Connection | \$15.90 | \$15.54 | \$15.90 | \$15.90 | \$16.08 | \$16.40 |
| Level 2: Coordination of Support | \$35.88 | \$35.69 | \$35.88 | \$35.88 | \$36.19 | \$36.34 |
| Level 3: Specialist Support Coordination | \$88.93 | \$88.61 | \$88.93 | \$88.93 | \$89.26 | \$89.58 |

8.6.5. CORPORATE OVERHEADS

The DIA benchmarking survey asked respondents about Corporate Overheads including the costs incurred to run the administrative side of their business.

These costs include the accounting, human resources, legal, marketing, compliance and technology functions.

The NDIA in its Disability Support Worker Cost Model assumes that Corporate Overheads are 12.0% of direct costs. However, it also includes a temporary loading which recognises the variable costs of COVID and of adjusting to the new provisions in the Social, Community, Home Care and Disability Services Industry Award 2010 (SCHADS Industry Award) that were come into effect on 1 July 2022. DIA notes that Support Coordination Levels 2 and 3 did not receive this load despite the impacts of COVID19 and Changes to the SCHADS Award.

Our benchmarking program demonstrates that actual corporate overheads should, at a minimum, be considered at 14% of direct costs. This is due to several factors including increased inflationary pressures driving higher costs of accounting, human resources, legal, marketing, compliance and technology functions.

This year DIA requested a specific amounts, dollars, hours and percentages to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

Corporate Overheads for Support Coordination Levels 1, 2 and 3

| Total Corporate Overheads per hour (\$) | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|--|---------|---------|---------|---------|---------|---------|
| Level 1: Support Connection | \$9.23 | \$9.03 | \$9.23 | \$9.23 | \$9.54 | \$9.86 |
| Level 2: Coordination of Support | \$14.22 | \$13.95 | \$14.22 | \$14.22 | \$14.35 | \$14.66 |
| Level 3: Specialist Support Coordination | \$25.60 | \$25.23 | \$25.60 | \$25.60 | \$25.85 | \$26.12 |

8.7. SUPPORT COORDINATION COST MODEL

DIA propose the use of the below cost model, which has used to determine our 2023-24 annual price review Recommendation One, see 5.1 above.

Cost Model for Support Coordination Levels 1, 2 and 3

| | Level 1 Support Connection | Level 2 Coordination of Support | Level 3 Specialist Support Coordination |
|--|----------------------------------|---------------------------------------|---|
| Standard Hourly Rate | \$36.42 | \$47.86 | \$68.22 |
| Direct On Costs | | | |
| <u>Annual leave</u> | | | |
| a. No. hours leave accrued in a year (hrs/yr.) | 152 | 152 | 152 |
| b. Loading | 17.50% | 17.50% | 17.50% |
| c. Proportion of leave taken | 100% | 100% | 100% |
| Cost per worked hour | \$3.89 | \$5.12 | \$7.50 |
| <u>Personal leave</u> | | | |
| a. No. hours leave in a year (hrs/yr.) | 76 | 76 | 76 |
| b. Loading | 0% | 0% | 0% |
| c. Proportion of leave taken | 100% | 100% | 100% |
| Cost per worked hour | \$1.66 | \$2.18 | \$3.10 |
| <u>Public Holiday leave</u> | | | |
| a. No. hours leave accrued in a year (hrs/yr.) | 106 | 106 | 106 |
| b. Loading | 0% | 0% | 0% |
| c. Proportion of leave taken | 100% | 100% | 100% |
| Cost per worked hour | \$2.31 | \$3.03 | \$4.32 |
| <u>Long Service leave</u> | | | |
| a. No. hours leave accrued in a year (hrs/yr.) | 32.93 | 32.93 | 32.93 |
| b. Loading | 0% | 0% | 0% |
| c. Proportion of leave taken | 100% | 100% | 100% |
| Cost per worked hour | \$0.72 | \$0.94 | \$1.34 |
| <u>Superannuation</u> | | | |
| Superannuation Rate (%) | 11.00% | 11.00% | 11.00% |
| Superannuation per worked hour | \$4.65 | \$6.12 | \$8.72 |
| <u>Employee Allowances</u> | | | |
| Allowance Rate (%) | 1% | 1% | 1% |
| Allowance Cost per worked hour | \$0.36 | \$0.48 | \$0.68 |
| Cumulative cost/hour, after Direct On-costs | \$50.01 | \$65.72 | \$93.89 |
| Cumulative increase from standard hourly rate | 37.32% | 37.32% | 37.63% |

| | Level 1 Support Connection | Level 2 Coordination of Support | Level 3 Specialist Support Coordination |
|--|----------------------------------|---------------------------------------|---|
| Operational Overheads | | | |
| Cumulative cost/hour, before Operational Overheads | \$50.01 | \$65.72 | \$93.89 |
| Operational Overheads (\$) | \$15.90 | \$35.88 | \$88.93 |
| Cumulative cost/hour, after Operational Overheads | \$65.92 | \$101.60 | \$182.82 |
| Cumulative increase from standard hourly rate | 80.99% | 112.29% | 167.99% |

| | Level 1 Support Connection | Level 2 Coordination of Support | Level 3 Specialist Support Coordination |
|--|----------------------------------|---------------------------------------|---|
| Corporate Overheads | | | |
| Cumulative cost/hour, before Corporate Overheads | \$65.92 | \$101.60 | \$182.82 |
| Corporate Overheads (%) | 14.00% | 14.00% | 14.00% |
| Corporate Overheads (\$) | \$9.23 | \$14.22 | \$25.60 |
| Cumulative cost/hour, after Corporate Overheads | \$75.15 | \$115.83 | \$208.42 |
| Cumulative increase from standard hourly rate | 106.33% | 142.01% | 205.51% |

| | Level 1 Support Connection | Level 2 Coordination of Support | Level 3 Specialist Support Coordination |
|--|----------------------------------|---------------------------------------|---|
| Margin | | | |
| Cumulative cost/ hour, before Margin | \$75.15 | \$115.83 | \$208.42 |
| Margin (%) | 2.00% | 2.00% | 2.00% |
| Margin (\$) | \$1.50 | \$2.32 | \$4.17 |
| Cumulative cost/hour, after Margin | \$76.65 | \$118.14 | \$212.59 |
| Cumulative increase from standard hourly rate | 110.46% | 146.85% | 211.62% |

| | Level 1 Support Connection | Level 2 Coordination of Support | Level 3 Specialist Support Coordination |
|---------------------------------|----------------------------------|---------------------------------------|---|
| Final Hourly Price Limit | \$76.65 | \$118.14 | \$212.59 |

8.8. SUPPORT COORDINATION UNFUNDED WORK

DIA has explored a number of areas of unfunded work, where Support Coordinators currently gap fill inefficiencies in the NDIS including:

- LAC under performance, capacity shortages and capability deficiencies.
- Planners inadequate communication of decisions and error in planning (such as supporting a participant to understand what rights they may be able to exercise).
- NDIA inadequate communication about scheme design and principles.
- Mainstream interface gaps where people with a disability fall between multiple services systems.
- Costs associate with supporting the conclusion of supports and services after a NDIS participant has passed away.

Many of these areas relate to the quantity of funding put into a participants plan, i.e. the number of hours and not specifically a price limit or pricing arrangements, save for the cost associated with the passing of a NDIS Participant.

8.8.1. BEREAVEMENT COST FOR SUPPORT COORDINATORS

DIA recommends that Support Coordinators be able to claim for reasonable costs and work undertaken by Support Coordinators after a participant's passing. Last year the NDIA created a Bereavement Policy however did not investigate or consider Support Coordinators applicability to this new pricing arrangement.

DIA asked our members how much time on average they spent delivering work in an unfunded capacity after a participants death.

Number of hours of unfunded work for Support Coordination Levels 1, 2 and 3 where a participant has passed away.

| Total Corporate Overheads per hour (\$) | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|--|------|------|------|------|------|------|
| Level 1: Support Connection | 10 | 5 | 9 | 10 | 11 | 12 |
| Level 2: Coordination of Support | 10 | 6 | 9 | 10 | 13 | 18 |
| Level 3: Specialist Support Coordination | 10 | 8 | 9 | 10 | 15 | 22 |

DIA' Recommendation Two, 5.2 above, Support Coordinators should be able claim up to 10 hours in the 30 days after a participant's death where they are required to undertake Coordination activities (e.g. Coordinating the ceasing of services with providers, ensuring providers promptly make claims for services delivered prior to the participants passing and providing a report(s) to the NDIA where requested etc.) in respect of a participant.



9. PLAN MANAGEMENT

Registered Plan Management Providers (RPMP), also known as Financial Intermediaries, play a significant role in assisting participants of the NDIS in achieving quantifiable and positive outcomes whilst building the capacity of participants.

Plan Managers must conduct themselves in a professional manner and champion the social and economic participation and employment of people with a disability.

There are two types of services that a RPMP is able to deliver:

- The financial administration of a participant's plan; and
- Plan and financial management capacity building and training.

RPMPs are engaged by an NDIS participant, and as such RPMPs act at the direction of the Participant. RPMPs are not agents of the NDIA and are not considered as a nominee, or legal decision maker of a NDIS Participant.

Plan Management (Financial Administration)

Plan Management funding applies to registered providers who undertake financial administration of a plan on behalf of a participant. This support is different to other funded supports under the NDIA as it is not a reasonable and necessary support.

This support assists a participant by:

- Giving increased control over plan implementation and utilisation with plan financial assistance;
- Managing and monitoring budgets over the course of the plan;
- Managing NDIS claims and dispersing funds to providers for delivered service;
- Effectively managing problem claims between the NDIA and providers;
- Providing correct information to participants in terms of the appropriateness of support fees and cost;
- Maintaining records and producing regular statements showing the financial position of the plan; and
- Providing access to a wider range of service providers, including non-registered providers whilst remaining in line with the price limits contained within the NDIS Price Guide.

Plan Management (Financial Administration) funding includes both a plan management establishment fee and a monthly administration fee.

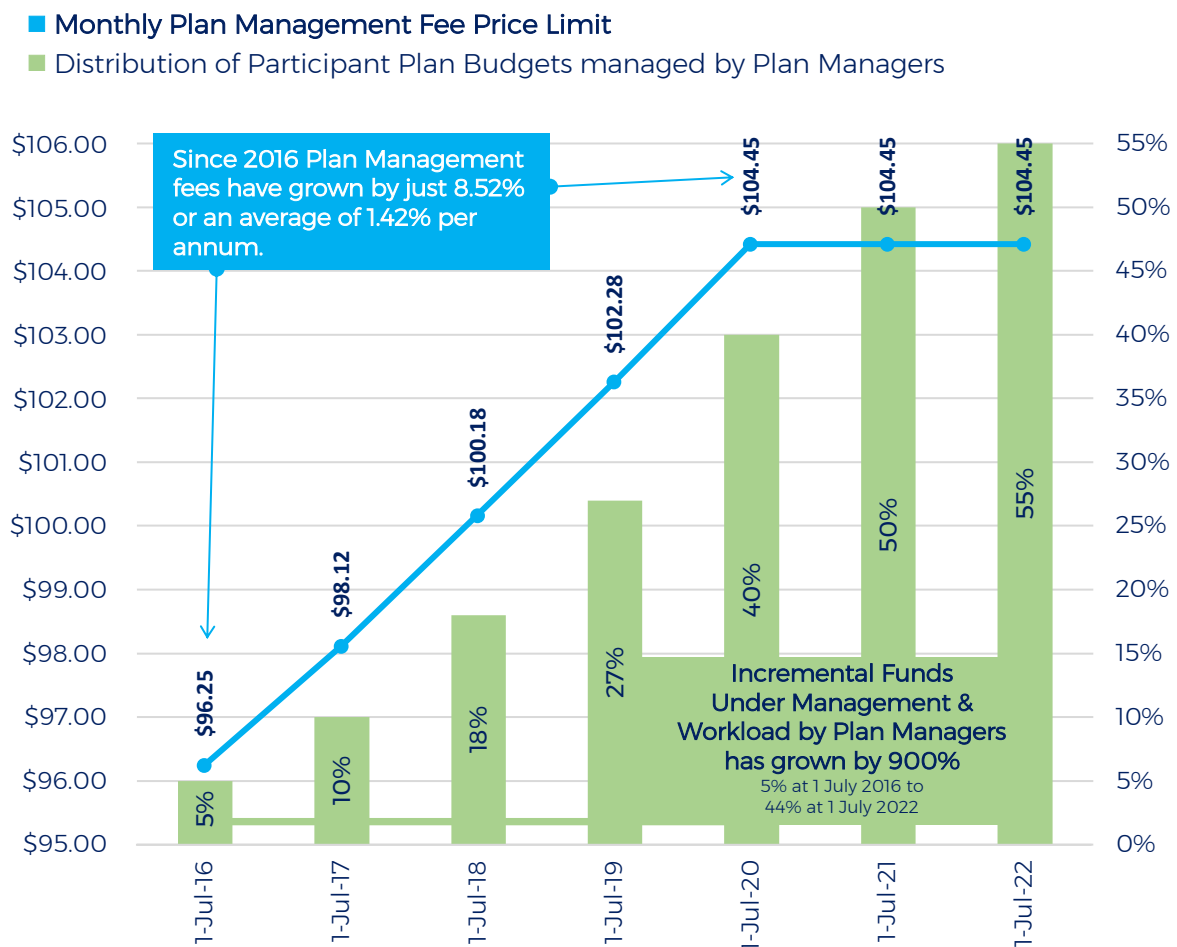
The establishment fee is for the service provided to a participant in order to establish financial and service arrangements between the participant and the RPMP.

The monthly administration fee is for the delivery of financial administration, processing of invoices (claiming and funds disbursement), monitoring of a participant’s plan budget, providing regular information to a participant about their plan spend and remaining budgets, support participants to make informed choices and understand their purchasing decisions.

9.1. BACKGROUND OF PLAN MANAGEMENT PRICE LIMITS

The current pricing model and arrangements for Plan Management is based on the work undertaken by the NDIA which dates back to 2016 when the model that is in operation today was first established.

Plan Management Price Limits and Incremental Distribution of Participant Plan Budgets managed by Plan Managers Since 1 July 2016



In 2016 the NDIA set the foundational pricing structure for Plan Management. Despite the NDIA stating that the price limits for Plan Management “were not set by reference to a specific cost model.” DIA understand that the NDIA has used some modelling or assumptions when establishing the Price Limits back in 2016.

What is clear is that the incremental funds under management and workload by plan managers has grown by 900% from 5% at 1 July 2016 to 55% at 1 July 2022. In contrast Plan Management fees have only grown by 8.52% over the same period or just 1.42% per annum on average.

DIA has been able to locate photos of slides from presentations delivered by the NDIA to providers in Victorian ahead of the Price Guide release in July of 2016, which provide a reasonable assumption as to how the prices were established for Plan Management Supports.

2016 Assumption for Plan Management Set Up Costs

PLAN MANAGEMENT

Financial intermediary - set up costs (14_033_0127_8_3)

A one-off (per 12 month plan) setting up of the financial management arrangements for managing of funding of supports.

Price Limit: \$214.12

As mentioned above with Support Coordination, this price limit has been set to align with the price limits of other services that are delivered by similarly experienced and skilled workers and delivered at a similar rate of intensity. These are not interchangeable services, however have been used to support this price limit.

The set up costs price limit has been established so that Financial Intermediaries (Plan Managers) can initially support participants with the equivalent of 4 hours of support at the base rate of \$53.10 per hour. This is three dollars lower than other services which have a greater level of blending for afternoon, weekend, public holiday and broken shift wages rates etc. The NDIA has heard from providers who have recommended that this figure align with the that of Support Connection and like services, the NDIA will monitor this over the next year.

This support assumes workers are employed as Community Services Worker Level 3, Paypoint 2 as per the Award. Noting that teams type service delivery models are appearing as the most efficient offering, by assuming a Community Services Worker Level 3, Paypoint 2 this provides for efficient balancing across service models.

2016/17 NDIS Price Guide: Provider Information Sessions

PLAN MANAGEMENT

Financial intermediary monthly processing (14_034_0127_8_3)

A monthly fee for the ongoing maintenance of the financial management arrangements for managing of funding of supports.

Price Limit: \$96.25

As mentioned above with Support Coordination, this price limit has been set to align with the price limits of other services that are delivered by similarly experienced and skilled workers and delivered at a similar rate of intensity. These are not interchangeable services, however have been used to support this price limit.

The month processing price limit has been established so that Financial Intermediaries (Plan Managers) can support participants with the equivalent of 1.8 hours of support at the base rate of \$53.10 per hour each month. This is three dollars lower than other services which have a greater level of blending for afternoon, weekend, public holiday and broken shift wages rates etc. The NDIA has heard from providers who have recommended that this figure align with the that of Support Connection and like services, the NDIA will monitor this over the next year.

This support assumes workers are employed as Community Services Worker Level 3, Paypoint 2 as per the Award. Noting that teams type service delivery models are appearing as the most efficient offering, by assuming a Community Services Worker Level 3, Paypoint 2 this provides for efficient balancing across service models.

2016/17 NDIS Price Guide: Provider Information Sessions

9.2. CURRENT VALUE OFFERING PLAN MANAGEMENT

Plan Management presents tremendous value for money for both NDIS participants and the Scheme. Last financial year 2021-22 RPMPs managed approximately \$15.14bn of committed Scheme funds of which \$12bn was claimed on behalf of NDIS Participants for the supports and services they need.

For the same period Plan Managers billed the Scheme \$421m for their services or just 2.7% of funds under management or 3.5% of funds claimed.

To compare and contrast adjacent sectors, DIA's research indicates that in 2020-21:

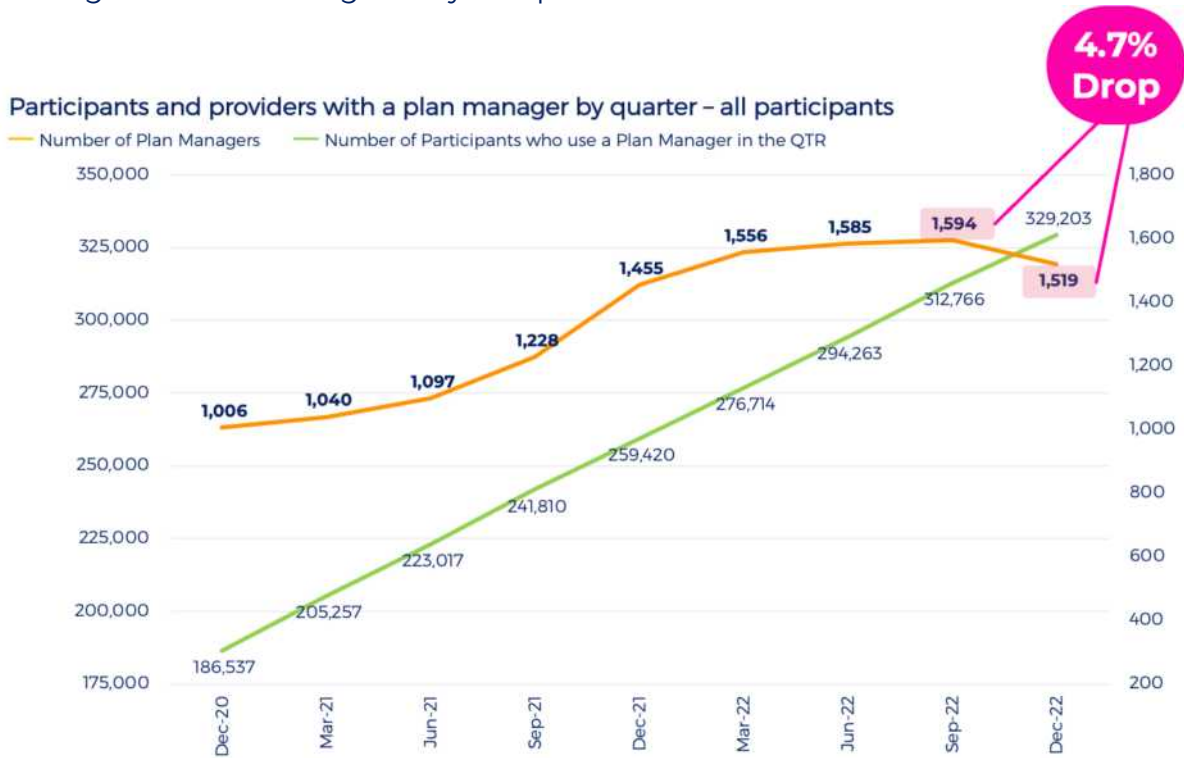
- Financial Services sector operated at around 14.6%;
- Administration and Support Services sector at around 8.7%;
- Health Care and Social Assistance sector (private) at around 18.0%;
- Administration and Insurance sector (public) at around 8.1%; and
- Professional Services sector operated at around 20.4%.

Source: Australian Bureau of Statistics 2020-21

9.3. PLAN MANAGEMENT MARKET SIZE, GROWTH AND EXITS

DIA has seen increased volatility in the Plan Management market, a reduction of providers within the sector with providers ceasing services and exiting the sector.

For the first time in the scheme's history, the Plan Management market (number of providers) has contracted by 75 providers or 4.7% in the quarter to 31 Dec 2022. During the same period in the previous year the Plan Management market grew by 227 providers.



DIA notes and has welcomed the series of high-profile acquisitions over the past 6 months, these acquisitions should not be taken by the NDIA as a reflection of market profitability or viability. Nor should such acquisitions be considered as the reason for the 4.7% contraction in Plan Management providers in the quarter to 31 December 2022, as the vast majority of these entities continue to trade or traded as through this period.

The NDIA must understand the motivations of all the parties involved in the acquisitions and not make simple assumptions based on often inflated media reports.

9.4. REMOVAL OF SET UP FEES WHERE PLANS ARE EXTENDED

The 2022-2023 NDIS Pricing Arrangements and Limits stated for the first time that:

“A plan manager can only claim for the support item 14_033_0127_8_3 (Plan Management – Set Up Costs) once in respect of each plan. Auto-extended plans are not new plans – they have the same plan number. Plan managers are not entitled to make another claim for this support item from a plan when it is auto-extended.”

The NDIA had previously given DIA, its members and the public a clear understanding that when a plan is auto-extended an Establishment Fee could be claimed as the work required from a plan manager was the equivalent of an initial setup. DIA and the sector have been blindsided by this change. This issue was not raised in the Consultation Paper or in either of the two Working Group meetings.

Below is an analysis of the task a Plan Manager needs to undertake to establish a new plan, which is paid for by an Establishment fee, versus that of a plan extension.

| Task | New Plan Implementation by a Plan Manager | Plan Extension Implementation by a Plan Manager |
|---|---|---|
| Inform the Participant about respective responsibilities to ensure supports obtained are aligned with a participant’s NDIS plan | ✓ | ✓ As the plan values and duration of the original plan have been changed a Plan Manager needs to discuss this with the Participant |
| Confirm with the Participant there is sufficient NDIS funding in a participant’s plan for supports | ✓ | ✓ As the plan values and duration of the original plan have been changed a Plan Manager needs to discuss this with the Participant |
| Establish preferred method of invoicing and/or how receipts for reimbursement are exchanged | ✓ | – In the main this will remain unchanged. |
| Establish preferences with the Participant regarding visibility over provider invoices sent to a plan manager | ✓ | ✓ As the plan values and duration of the original plan have been changed a Plan Manager needs to discuss this with the Participant |

| | | |
|---|--|--|
| Establish with the Participant a <i>well defined and understood dispute resolution processes.</i> | ✓ | - In the main this will remain unchanged. |
| Manually establish the quarantining of plan managed funds through NDIS portal (Establish special Plan Managed Service Bookings) | ✓ without this the NDIS participant can't claim for any supports. | ✓ without this the NDIS participant can't claim for any supports. |

What is more concerning is that the NDIA appears to not have undertaken any analysis of what this policy change has done to the cost and revenue models for Plan Managers.

DIA captured Average per participant plan management fee for the 12 months to 30 June 2022 and for the 12 months to 31 December 2022 to understand the financial impact of this on plan management providers.

| | For the 12 months to 30 June 2022 | For the 12 months to 31 December 2022 | Percentage Drop in Per Participant Revenue |
|---|-----------------------------------|---------------------------------------|--|
| | Before 2022-23 Pricing Decision | After 2022-23 Pricing Decision | |
| Average Per Participant Plan Management Fees Paid | \$1170 | \$900 | ▼ 23.08% |

This indicates a significant reduction in Plan Management Revenue over the course of just six months. This on top of already reducing Plan Management fees due to increasing plan lengths. With all other policy and price limit settings remaining frozen it is clear that this policy change is the major contributing factor.

9.5. PLAN MANAGEMENT BENCHMARKING RESPONDENT PROFILE

At the time of closing responses to DIA’s benchmarking program, DIA had received 511 individual responses from Plan Management providers. In terms of the survey’s representation of the broader Plan Management market, of the 454 responses received 89% identified as ‘For Profit’ and 11% as ‘Not for Profit’.

Plan Management Survey Responses by Organisational Structure

| Structure | Number of Responses | Percentage of Responses |
|----------------|---------------------|-------------------------|
| For Profit | 392 | 77% |
| Not for Profit | 179 | 35% |
| Not Stated | 3 | 0.5% |

The respondent’s coverage of the States and Territories revealed a relatively even distribution which highlights the national nature of a large proportion of the Plan Management market

Plan Management Survey Responses by Jurisdiction of Participants Serviced

Responses greater than the 511 responses received as respondents service multiple jurisdictions. Percentage sum greater than 100% due to multiple jurisdiction coverage of respondents.

| Jurisdiction of Service | Number of Responses | Percentage of Responses |
|-------------------------|---------------------|-------------------------|
| ACT | 72 | 14% |
| NSW | 92 | 18% |
| NT | 56 | 11% |
| QLD | 82 | 16% |
| SA | 77 | 15% |
| TAS | 61 | 12% |
| VIC | 87 | 17% |
| WA | 61 | 12% |

The respondents were also asked the number of individual participant’s that their organisation supports to identify the size of operations within the Plan

Management market. The survey respondents classified as “Small” 17%, “Medium” 80% and “Large” 3% of the respondents.

Plan Management Responses by Number of Participants Supported

| Size by Number of Participants | Number of Responses | Percentage of Responses |
|--------------------------------|---------------------|-------------------------|
| Small | 87 | 17% |
| Medium | 404 | 79% |
| Large | 20 | 4% |

9.6. FINANCIAL RESULTS – PLAN MANAGEMENT

The survey responses showed that 55% of respondents reported that they made a Loss / Deficit or a Break-Even financial result for the 2020-21 financial year.

Plan Management Responses by Financial Result

| Financial Result '20-21 | Number of Responses | Percentage of Responses |
|-------------------------|---------------------|-------------------------|
| Profit / Surplus | 229 | 45% |
| Loss / Deficit | 198 | 38% |
| Break Even | 89 | 17% |
| Not Provided | 2 | 0% |

Further analysis of the financial result data shows that organisations categorised as “Small”, “Medium” and ‘Large have a similar percentage of financial result as each other, which indicates the Plan Management Market maturing and converging on similar levels of efficiency regardless of size and variation of operating model.

The organisational structure showed only minor differences in terms of financial results from the survey with the percentage of respondents reporting a Profit only significantly different for large providers.

Overall, the survey results showed that only 45% of the respondents returned a ‘Profit / Surplus’ for the 2022 Calendar Year with organisational structure playing only a minor factor in determining the financial outcome, with not-

for-profit entities reporting marginal better financial performance of for profit entities.

The survey results would indicate that there is a small benefit in being an organisation of a 'Large' size compared to those of a 'Small' or 'Medium' size in terms of the number of participants supported.

This is further supported by anecdotal evidence which has been presented for the last 2 years, in which Plan Management providers have indicated the a small advantage in developing and scaling up operations within the current pricing structure.

9.7. BENCHMARKING RESULTS – PLAN MANAGEMENT

The Plan Management Survey consisted of series of areas of exploration. This year DIA requested a specific pay point to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

General themes include:

- a. Removal of Set Up fee for plan Extensions
- b. Increasing costs on compliance and reporting activities to both the NDIA and NDIS Commission.
- c. Debt Liability Issues.
- d. Debt Recovery Issues.
- e. Increasing costs for technology development and response.
- f. Inadequate plan management fee rates.

9.7.1. EMPLOYMENT CONDITIONS – PLAN MANAGEMENT

The common reference point in the disability sector for base pay conditions is the Social, Community, Home Care and Disability Services (SCHADS) Award which the NDIA use as a base for the Disability Support Worker Cost (DSW) model across four different levels.

The Plan Management sector continues to migrate to the SCHADS Award for Plan Management employees.

Percentage of Respondents by Award / Agreement – Workers (Participant Facing)

| Award / Agreement | % of Respondents | % Shift in the past 18 months |
|-------------------|------------------|-------------------------------|
| SCHADS | 51% | ▲ 18% |

| | | |
|-------------------------------|-----|-------|
| Clerks | 21% | ▼ 10% |
| Other | 25% | ▼ 5% |
| Banking Finance and Insurance | 3% | ▼ 3% |

This trend towards the SCHADS award is also evident for Supervisory staff with over a 49% of respondents indicating that supervisory staff are employed under the SCHADS Award.

Percentage of Respondents by Award / Agreement – Supervisors

| Award / Agreement | % of Respondents | % Shift in the past 18 months |
|-------------------------------|------------------|-------------------------------|
| SCHADS | 49% | ▲ 14% |
| Clerks | 16% | ▼ 7% |
| Other | 37% | ▼ 5% |
| Banking Finance and Insurance | 4% | ▼ 2% |

9.7.2. BASE RATE OF PAY

The DIA benchmarking survey asked respondents to indicate base levels of pay for average Plan Management workers and for ‘Supervisory’ workers. This approach also captures blended rates for teams approach service models.

This year DIA requested a specific pay point to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

Base rate of pay for Plan Managers

| | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|------------------------------|---------|---------|---------|---------|---------|---------|
| Plan Management - Worker | \$36.22 | \$36.18 | \$36.20 | \$36.22 | \$36.60 | \$36.91 |
| Plan Management - Supervisor | \$47.80 | \$47.72 | \$47.80 | \$47.82 | \$48.00 | \$48.22 |

Not unsurprisingly, this revised approach in our Benchmarking has resulting in very similar pricing to Level 1 Support Coordination.

9.7.3. DIRECT ON-COSTS

The DIA benchmarking survey asked respondents about the costs of employment associated with Superannuation entitlements, Annual Leave entitlements, Personal Leave entitlements, Long Service Leave entitlements and Employee Allowances.

This year DIA requested a specific amounts, dollars, hours and percentages to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

Direct On-Costs for Plan Management

| | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|----------------------------|-------|-------|-------|-------|-------|-------|
| <u>Annual Leave</u> | | | | | | |
| - Hours accrued in a year | 152 | 152 | 152 | 152 | 152 | 152 |
| - Loading | 17.5% | 0% | 17.5% | 17.5% | 17.5% | 17.5% |
| <u>Personal Leave</u> | | | | | | |
| - Hours accrued in a year | 76 | 76 | 76 | 76 | 76 | 76 |
| <u>Public Holidays</u> | | | | | | |
| - Hours of public holidays | 106 | 91 | 106 | 106 | 114 | 121 |
| <u>Superannuation</u> | | | | | | |
| - 2022-23 Rate | 10.5% | 10.5% | 10.5% | 10.5% | 10.5% | 10.5% |
| - 2023-24 Rate | 11% | 11% | 11% | 11% | 11% | 11% |
| <u>Employee Allowances</u> | | | | | | |
| - Allowance Rate | 1% | 0% | 1% | 1% | 1.5% | 2% |

9.7.4. OPERATIONAL OVERHEADS

The DIA benchmarking survey asked respondents about Operational Overheads including those costs which are in the operational control of the provider such as workers compensation costs, utilisation costs, supervision costs and workforce rostering and balance measures such as the share of the workforce that is permanent or casual, the extent to which overtime is used by the business, and blending to a flat fee rate factoring afternoon, weekend and public holiday rates etc.

It is important to note that Plan Management providers have significantly fewer operational overheads, however significantly higher corporate overheads. This is not unsurprising given the technology demands of processing payment claims with integrity and security.

This year DIA requested a specific amounts, dollars, hours and percentages to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

Operational Overheads for Plan Management

| Total Operational Overheads per hour (\$) | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|---|---------|---------|---------|---------|---------|---------|
| Plan Management | \$10.77 | \$10.46 | \$10.77 | \$10.77 | \$10.93 | \$11.27 |

9.7.5. CORPORATE OVERHEADS

The DIA benchmarking survey asked respondents about Corporate Overheads including the costs incurred to run the administrative side of their business.

These costs include the accounting, human resources, legal, marketing, compliance and technology functions.

It is important to note that Plan Management providers have significantly fewer operational overheads, however significantly higher corporate overheads. This is not unsurprising given the technology demands of processing payment claims with integrity and security.

The NDIA in its Disability Support Worker Cost Model assumes that Corporate Overheads are 12.0% of direct costs. Our benchmarking program demonstrates that actual corporate overheads should, at a minimum, be considered at 25.30% of direct costs. This is due to several factors including increased inflationary pressures driving higher costs of accounting, human resources, legal, marketing, compliance and technology functions.

This year DIA requested a specific amounts, dollars, hours and percentages to ensure greater consistency and specificity in responses. Any unreasonable responses that were outside a reasonable margin of error were followed up to confirm or be amended by the respondent.

Corporate Overheads for Plan Management

| Total Corporate Overheads per hour (\$) | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|---|---------|---------|---------|---------|---------|---------|
| Plan Management | \$15.31 | \$15.01 | \$15.31 | \$15.31 | \$15.58 | \$15.71 |

9.8. PLAN MANAGEMENT COST MODEL

DIA propose the use of the below cost model, which has used to determine our 2023-24 annual price review Recommendation Three, see 5.2 above.

Cost Model for Plan Management

| | Plan Management |
|----------------------|-----------------|
| Standard Hourly Rate | \$36.22 |

| | Plan Management |
|--|-----------------|
| Direct On Costs | |
| <u>Annual leave</u> | |
| a. No. hours leave accrued in a year (hrs/yr.) | 152 |
| b. Loading | 17.50% |
| c. Proportion of leave taken | 100% |
| Cost per worked hour | \$3.87 |
| <u>Personal leave</u> | |
| a. No. hours leave in a year (hrs/yr.) | 76 |
| b. Loading | 0% |
| c. Proportion of leave taken | 100% |
| Cost per worked hour | \$1.65 |
| <u>Public Holiday leave</u> | |
| a. No. hours leave accrued in a year (hrs/yr.) | 106 |
| b. Loading | 0% |
| c. Proportion of leave taken | 100% |
| Cost per worked hour | \$2.30 |
| <u>Long Service leave</u> | |
| a. No. hours leave accrued in a year (hrs/yr.) | 32.93 |
| b. Loading | 0% |
| c. Proportion of leave taken | 100% |
| Cost per worked hour | \$0.71 |
| <u>Superannuation</u> | |
| Superannuation Rate (%) | 11.00% |
| Superannuation per worked hour | \$4.63 |
| <u>Employee Allowances</u> | |
| Allowance Rate (%) | 1% |
| Allowance Cost per worked hour | \$0.36 |
| Cumulative cost/hour, after Direct On-costs | \$49.74 |
| Cumulative increase from standard hourly rate | 37.32% |

| | Plan Management |
|--|-----------------|
| Operational Overheads | |
| Cumulative cost/hour, before Operational Overheads | \$49.74 |
| Operational Overheads (\$) | \$10.77 |
| Cumulative cost/hour, after Operational Overheads | \$60.51 |
| Cumulative increase from standard hourly rate | 67.06% |

| | Plan Management |
|--|-----------------|
| Corporate Overheads | |
| Cumulative cost/hour, before Corporate Overheads | \$60.51 |
| Corporate Overheads (%) | 25.30% |
| Corporate Overheads (\$) | \$15.31 |
| Cumulative cost/hour, after Corporate Overheads | \$75.82 |
| Cumulative increase from standard hourly rate | 109.32% |

| | Plan Management |
|--|-----------------|
| Margin | |
| Cumulative cost/ hour, before Margin | \$75.82 |
| Margin (%) | 2.00% |
| Margin (\$) | \$1.52 |
| Cumulative cost/hour, after Margin | \$77.33 |
| Cumulative increase from standard hourly rate | 113.51% |

| | Plan Management |
|------------------------------------|-----------------|
| Average Hours of Service per month | 1.48 |

| | Plan Management |
|--------------------------|-----------------|
| Final Hourly Price Limit | \$114.45 |

9.9.PLAN MANAGEMENT MARKET – 2020 TO 2022

DIA has conducted an analysis of the providers registered for Plan Management in the NDIS between two points in time being December 2020 and December 2022.

As providers are listed across all of the States and Territories they provide services in, the provider list files need to be ‘cleaned’ of duplicate entries to identify the true number of individually registered providers of plan management supports.

This was achieved by removing duplicates based on ‘Registered Name’, ‘Address’, ‘Phone Number’ and ‘Email Address’. After removing the duplicates, the number of providers registered to provide ‘Plan Management’ was:

- 1,006 as of December 2020; and
- 1,519 as of December 2022.

Whilst this appears to be a positive indication of market growth on first inspection, analysing the change in number of registered providers between the 2020 and 2022 lists, it is apparent that, although there are now more registered providers, the number who remain from 2020 is less than 48%.

Of the 1,006 registered providers from December 2020 only 483 remain as of December 2022.

Whilst the NDIA has focused on the overall number of registered providers and the basic metric of ‘new entrants’ to promote a flourishing sector, the incredibly high market ‘churn’ or volatility of registered providers demonstrates the lack of understanding regarding the level of investment required to establish a viable Plan Management business.

DIA also notes that unlike other supports and services which were in place under previous State and Territory based disability schemes which continue to see a transition of legacy providers, the plan management service was a new support that was established with the creation of the NDIS and as such does not hold the legacy providers.

This further highlights the significance of the ‘churn’ being seen within the Plan Management market.

Whilst DIA welcomes and champions new entrants into the market, it is apparent that it is difficult for new entrants to compete when pricing is structured for long tail efficiency and not market transition or innovation.



10. TECHNOLOGY TRANSITION COSTS

10.1. PACE

The NDIA's forced pilot on the new PACE business system in Tasmania continues to lead to significant costs and inefficiencies being forced upon the Plan Managers and Support Coordinators.

These costs were not considered in last year's 2022-23 Annual Price Review nor do they appear to be considered in this year's 2023-24 Annual Price Review.

DIA is supportive of the NDIA's desire to deliver a new fit for purpose business system. However, what is being piloted / rolled out in Tasmania at present is far from fit for purpose.

DIA has been informed by numerous Plan Management and Support Coordination providers who have had to withdraw from offering support in Tasmania due to the inefficiencies and costs associated with the PACE system.

DIA has called on the NDIA to halt further rollout of the pace system once 1000 NDIS participants have Plans are in pace. This will provide the NDIA with sufficient mass to undertake testing and deliver system improvements.

As at the time of this submission there remains countless structural and significant issues with the PACE system that must be resolved and made fit for purpose before the system can be further rolled out.

DIA asked a series of questions in this year's benchmarking program to providers who were operating in Tasmania.

In contrast between the current Business System and PACE what percentage change in time does it take to undertake these basic functions.

| | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Onboard New Participant | Increase 46% | Increase 30% | Increase 40% | Increase 46% | Increase 50% | Increase 70% |
| Information Look Up | Increase 24% | Decrease 4% | Increase 12% | Increase 22% | Increase 28% | Increase 39% |
| Request for Service | Increase 15% | Decrease 4% | Increase 6% | Increase 12% | Increase 18% | Increase 30% |
| Claiming | Increase 2% | No Change | No Change | Increase 2% | Increase 4% | Increase 12% |
| Release of Funds (payment) | Increase 200% | Increase 100% | Increase 185% | Increase 200% | Increase 230% | Increase 300% |

DIA acknowledge that the release of funds results are likely skewed by early (December through January) payment challengers. DIA acknowledges that

some of the elements that caused the delays in release of funds from the NDIA have been resolved. Members are still reporting delays in payments being released by the NDIA.

How much time have as your business spent on re-training staff to work in PACE.

| | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|----------------------|----------|----------|----------|----------|----------|----------|
| Plan Management | 15 Hours | 10 Hours | 12 Hours | 15 Hours | 18 Hours | 28 Hours |
| Support Coordination | 12 Hours | 8 Hours | 10 Hours | 12 Hours | 17 Hours | 24 Hours |

This training cost is significant, just utilising the wage cost alone this represents an average of:

1. \$746.10 per worker for Plan Managers
2. \$788.64 per worker for Support Coordinators

Note that DIA has not factored lost or reduced productivity, just strictly wage costs.

DIA acknowledged that these re-training costs are contained specifically to the rollout of PACE, i.e. transitional cost, once fully rolled out new workers will have such training rolled into their onboarding / induction process.

Plan Managers and Support Coordinators are required to operate a sustained high level of efficiency in order to be viable. However, at this moment in time the PACE system is not capable of achieving the required levels of efficiency within the existing price limits.

10.2. CYBER SECURITY

The NDIA has significantly increased its technical and procedural requirements to access digital channels such as API's. Recently requiring providers to undergo ISO 27001 certification.

To achieve this, providers are required to undertake 2 stages of Audits. Certification. During DIA's benchmarking program we asked Plan Managers and Support Coordinators who had undertaken such certification what their cost were:

How much have you spent on audit costs associated with ISO 27001 Certification

| | Mean | 10PC | 25PC | 50PC | 75PC | 90PC |
|----------------------------|----------|---------|----------|----------|----------|----------|
| Stage 1 and Stage 2 Audits | \$15,000 | \$7,500 | \$11,000 | \$15,000 | \$30,000 | \$50,000 |
| Surveillance Audits | \$7,500 | \$6,000 | \$7,000 | \$8,000 | \$15,000 | \$26,000 |

audits cost between \$15000 and \$50000, depending on the certified auditor. Beyond this, periodic surveillance audits which are required cost between \$7,500 and \$25000. Typically, surveillance audits cost about half the initial two stage audit costs.

Beyond this, in the last week then NDIA have indicated that they will be asking even more from Providers to further bolster scheme cyber security. There is not specific details on what these measures will be, however it is clear in the language provided by the NDIA that these will not be insignificant.

Whilst DIA is not only supportive but champions robust measures to bolster scheme wide cyber security these costs have not been factored into the pricing agreements set by the NDIA.



11. DEFICIENCIES IN 2022-23 ANNUAL PRICE REVIEW

DIA must address last year's Annual Price Review (2022-23). Whilst some of this the below is critical of the NDIA's past Annual Price Review(s), DIA raises these deficiencies as the Terms of Reference and Discussion paper for this year's Annual Price Review (2023-24), clearly articulate the NDIA's view that last year's Annual Price Review was fulsome and complete, unfortunately DIA does not agree with substantial lack of evidence and justification behind NDIA's Pricing Decision for Plan Management and Support Coordination.

DIA acknowledges, respects and values the relationship that has been built between DIA and the NDIA since our inception. DIA has genuinely sort to engage with the NDIA as share stewards of the market, seeking to deliver a common goal. Like all friendships, sometimes we disagree, however DIA always try to resolve these in a collaborative way with the NDIA through genuine and transparent engagement.

In this spirit and since the outcomes of the last Annual Price Review (2022-23), hundreds of providers have ceased delivering service in the market due to a lack of viability.

Over this time, DIA has regularly and transparently shared data, insights and market intelligence with the NDIA. DIA has significant concerns about the way that last year's Annual Price Review was conducted and the outcomes it produced.

Since the release of the decision of last year's Annual Price Review, DIA has sort to understand how such a decision could have been made and through several FOI's and discussion with the NDIA we understand that there is limited evidence, analysis or by the NDIA to support its pricing decision, which is extremely concerning.

Below DIA explore the timeline for last year's Annual Price Review (2022-23) and responds to the justifications stated by the NDIA.

11.1. TIMELINE OF LAST YEAR'S ANNUAL PRICE REVIEW

11.1.1. November 2021

Based on concerning discussions with the NDIA, DIA sought clarity (via an FOI request), on how the Support Coordination and Plan Management Price Limits were set.

In the NDIA FOI Review Decision IR 21/22-012 the NDIA stated support items related to Plan Management and Support Coordination levels 2 and 3 *“were not set by reference to a specific cost model.”*

This was obviously concerning given that the current price model (effective 1 July 2016) was set through the use of a series of clear assumptions that could be used in a cost model.

11.1.2. November 2021

The NDIA completed the 9th review into Support Coordination since 2016, the NDIA released 'Improving Support Coordination for NDIS Participants'. In the release of this paper the NDIA stated

- *“It [The Paper] clearly outlines the role of a support coordinator and the next steps we will take to improve support coordination for participants.; and*
- *As part of the Annual Pricing Review 2021-22, we will consider:*
 - *the current tiers of support coordination pricing*
 - *the experience and skills required to deliver quality support coordination services*
 - *how pricing can best encourage innovation, improve quality of service and ensure value for money for participants*
 - *how to avoid introducing further complexity*
 - *how we can deliver higher quality outcomes for participants with the most complex needs.”*

11.1.3. November 2021

DIA submitted our Annual Price Review Submission to the NDIA. This evidence-based submission was formed utilising data and information gathered through DIA's annual Benchmarking Program. The program consisted of over 800 individual responses, including:

- 430 individual responses for Plan Management (that serviced over 78% of all NDIS Participants with Plan Management); and
- 378 individual responses for Support Coordination (that serviced over 67% of all NDIS Participants with Support Coordination funding); and
- Proposed establishing Cost Models for Plan Management and Support Coordination supports delivered in the NDIS.

11.1.4. November 2021 to March 2022

DIA along with providers from the sector, participated in consultation workshops conducted by the NDIA. There were 3 workshops scheduled, however only 2 were conducted. The output of this consultation was a consultation report which heavily quoted from and referenced DIA's Annual Price Review Submission.

DIA notes that

- At no point was the possibility of a pricing freeze raised by the NDIA or discussed. All in attendance communicated the need for increases in pricing.
- Items listed for review as a part of the NDIA's Improving Support Coordination for Participants release were not undertaken (see point 11.1.2 above).
- There was no discussion raised about changes to the NDIA policy regarding set up fees for Plan Managers where a plan is extended.
- There was no discussion raised about Transactional Costs or Ratios for Plan Managers

11.1.5. March 2022

DIA understands that the NDIA Board made its Annual Pricing Review Decision in the month of March 2022.

11.1.6. June 2022

On the 22 June 2022, the 2022/23 NDIS Price Guide and outcomes from the Annual Price Review were released, with just on a week left in the financial year to implement. DIA and our members were stunned at the outcome given the positive reception to our submission and discussions conducted during the consultation workshops.

In the months following the Annual Pricing Review decision, DIA sort to clarify and understand how the decision was made and the justifications for such a decision.

Despite repeated direct requests to discuss and understand in a collaborate way these were ignored. As such DIA was forced to seek answers through a series of Freedom of Information Requests and other means. This process created significant workload for both the NDIA and DIA that could have been avoided.

However, the outcomes of our FOI requests were both significant and concerning. Below DIA has stepped out each of the points raised by the NDIA in justification as to why a price increase is not required for Support Coordination and Plan Management along with what we have been able to uncover through our FOI requests and via other means.

11.2. SUPPORT COORDINATION PRICING DECISION

11.2.1. NDIA Justification One: Financial Performance

“Most support coordination providers appear to be able to make a modest return under the current price limits.”

NDIA – Annual Pricing Review 2021-22 Final Report

DIA finds the statement to be disingenuous and misleading. DIA has been reporting on the market profitability since 2019. Further DIA provided the NDIA with a data set which clearly showed that the vast majority of providers were either making a loss or just breaking even.

DIA sort to understand this statement made by the NDIA and lodged an FOI request to gain access to documentation and information to support the NDIA’s statement.

The NDIA’s FOI decision (reference FOI 22/23-0205) dated 5 September 2022 states:

“The relevant line areas have conducted searches of the NDIA’s documents management systems and made enquiries with NDIA staff that may be able to locate documents relevant to the scope of the request.

These searches and enquiries have revealed that the NDIA is not in possession of internal documents matching the scope of your request.”

For the NDIA to make such claims without any clear and robust evidence is both offensive to support coordinators and misleading as to the market’s actual viability.

DIA also notes that no retraction of this statement has been made to date.

11.2.2. NDIA Justification Two: Role of Support Coordination not adequately defined.

“NDIA should undertake a review of support coordination, in consultation with participants, providers and other stakeholders, to more clearly establish the roles, functions, responsibilities and accountabilities of support coordinators; and further consider the appropriate pricing arrangements for plan management and support coordination.”

NDIA – Annual Pricing Review 2021-22 Final Report

DIA finds the statement to be gas lighting the Support Coordination market. For the NDIA to suggest that a further review needs to be undertaken in order to effectively consider an appropriate price limit for Support Coordination is laughable for three reasons:

- a. How can the NDIA say it needs to undertake a review in order to consider more appropriate pricing arrangements, whilst at the same time setting a price limit.

Either the NDIA has adequate information to establish a reasonable pricing limit, or it doesn't. Both statements cannot be true at the same time.

- If the NDIA believes the price is adequate, then it should publish reasonable evidence to support that position.
 - If the NDIA was unable to confirm or establish an evidence-based price limit then it should have made the support quotable, removed the price limit all together or considered other price regulation mechanisms to support quality service provision for participants.
- b. Not 6 months prior to last year's pricing decision, the NDIA stated that clearly established the roles, functions, responsibilities and accountabilities of support coordinators and that the 2022-23 annual price review would be used to appropriately set the Support Coordination pricing limits.
 - c. The NDIA, either themselves or in partnership, have conducted review, after review, after review of Support Coordination. To suggest that a further review is needed to understand the market flies in the face of the thousands of hours Support Coordinators have already freely given to the NDIA as a part of reviews conducted every year since 2016. Below is a summary of reviews conducted by the NDIA and its advisors into Support Coordination:

| Title of Review / Advice | Period of Review | Key Deliverable / Announcement |
|--|----------------------|---|
| IAC: Support Coordination as a tool of capacity building | Jan 2016 to Aug 2016 | Establishment of Role and tasks in a Coordination of Supports Framework |
| NDIA: Examination of the intermediary functions, including Support Coordination - with assistance of Boston Consulting Group | May 2017 to Feb 2018 | Review of Intermediaries framework, market growth approach and delineation between Service Intermediaries (Support Coordinators) and Financial Intermediaries (Plan Managers) |

| | | |
|---|----------------------|--|
| IAC: Examining Support Coordination in the context of the Intermediaries Review | Nov 2017 to Mar 2018 | Responses to NDIA intermediaries review, noting role, nature, target, conflict of interest and registration within Support Coordination. |
| IAC: The Importance of Support Coordination | Mar 2018 to Oct 2018 | Enhancement to Support Coordination Outcomes and introduction of Support Coordination specialisation and first call for independence of providers to manage conflicts of interest concerns. |
| NDIA: Support Coordination as a part of the Participant Pathway Review | Jun 2018 to Nov 2018 | <p><i>“Support coordination brings significant value to participants and the National Disability Insurance Scheme (NDIS) by facilitating self-direction, participant choice and quality outcomes.</i></p> <p><i>Earlier this year, we examined the core functions of this important service including all previous reports and recommendations. We are now developing operational frameworks that will include policies, processes and practice guidance to clarify the roles and responsibilities of Plan Managers and Support Coordinators.”</i></p> <p>Quote NDIA: Response to conclusion of review NDIA website November 2018</p> |
| Tune Review 2019 review of the NDIS Act | Jan 2019 to Dec 2019 | <p>The review was undertaken by an independent expert, Mr David Tune AO PSM. The review is often referred to as the Tune Review. People with disability, family members, carers, advocates and providers from around Australia shared their experiences and ideas through community workshops, an online survey and by making submissions.</p> <p>Mr Tune delivered the review report to Government in December 2019. It made 29 recommendations, which included a number around Support</p> |

| | | |
|---|-----------------------|---|
| | | <p>Coordination, Plan Implementation and Scheme Navigation.</p> <p>The Government supports or supports in principle all 29 recommendations made in the review report.</p> |
| NDIA: Review of Support Coordination Service Guide | Feb 2019 to July 2019 | <p>The purpose of the Support Coordination Service Guide is to provide details on the roles and responsibilities of support coordination when delivering supports and services to participants.</p> <p>This review included targeted consultation sessions with providers who comprise around 50% of Support Coordination market covering a diverse range of provider sizes, geographical areas and participant cohorts.</p> |
| NDIA: Discussion Paper Support Coordination | Aug 2020 to Sep 2020 | <p>This public discussion paper sort review and submissions around five areas:</p> <ul style="list-style-type: none"> · Inclusion of support coordination · Understanding the role of a support coordinator · Quality of service and value for money · Capacity building for decision making · Conflict of interest. |
| NDIA: Improving Support Coordination for Participants | Sep 2020 to Dec 2021 | <p>“The ‘Improving Support Coordination for NDIS Participants’ paper outlines the outcomes from reviewing the current support coordination model in the context of both the consultation process, and broader strategic design of the Scheme.</p> <p><i>“It clearly outlines the role of a support coordinator and the next steps we will take to improve support coordination for participants.</i></p> <p><i>As part of the Annual Pricing Review 2021-22, we will consider:</i></p> <ul style="list-style-type: none"> · <i>the current tiers of support coordination pricing</i> |

| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> · <i>the experience and skills required to deliver quality support coordination services</i> · <i>how pricing can best encourage innovation, improve quality of service and ensure value for money for participants</i> · <i>how to avoid introducing further complexity</i> · <i>how we can deliver higher quality outcomes for participants with the most complex needs.”</i> <p>Quote NDIA: Release of the Improving Support Coordination for Participants Report</p> |
|--|--|---|

11.2.3. NDIA Justification Three: Evolving Roles and Immature Market

“The roles of, and expectations on, support coordinators are still evolving. Neither the service offering, nor the market has fully matured and the context within which support coordinators deliver their services is also not yet fully developed.”
 NDIA – Annual Pricing Review 2021-22 Final Report

To say that the Support Coordination market is not mature enough and in turn for this to militate against modelling average costs and setting a defensible pricing regulation structure for Support Coordination is a farce, particularly given that the NDIA manages to achieve this for Level 1 Support Connection, which is attached to the Disability Support Worker Cost Model.

Like all sectors, Support Coordination will continue to develop and respond to the needs of Participants. The Australian Fairwork Commission has defined Support Coordination to fall under the SCHADS award. This confirmation has supported the Support Coordination Market to migrate its workforce progressively towards the SCHADS Award.

The NDIA has stated in the ‘Improving Support Coordination for Participants’ review, report and policy that the role, scope and function of the three levels of Support Coordination have been clearly outlined.

“It [the Improving Support Coordination for Participants Report] clearly outlines the role of a support coordinator and the next steps we will take to improve support coordination for participants.”
 NDIA: Improving Support Coordination for Participants Report

The NDIA has created a table specifying the difference between the three levels of Support Coordination, which is published along with other information on the NDIA website. DIA notes the striking resemblance to a similar table in DIA’s Professional Standards of Practice. This in itself should be a clear demonstration of a shared view and maturity between the NDIA and the Sector on the role scope and function of Support Coordination.

Support coordination activities by level

Support coordinators are generally expected (but not limited) to do the following activities for each level of support coordination.

| Support Coordination Activities | Level 1: Support Connection | Level 2: Coordination of Supports | Level 3: Specialist Support Coordination |
|--|-----------------------------|-----------------------------------|--|
| <u>Understand the plan</u> | Yes | Yes | Yes |
| <u>Connect with supports and services</u> | Yes | Yes | Yes |
| <u>Design support approaches</u> | No | Yes | Yes |
| <u>Establish supports</u> | Yes | Yes | Yes |
| <u>Coach, refine and reflect</u> | Yes | Yes | Yes |
| <u>Report to the NDIA</u> | Yes | Yes | Yes |
| <u>Build capacity and resilience</u> | No | Yes | Yes |
| <u>Crisis: planning, prevention, mitigation and action</u> | No | Yes | Yes |
| <u>Address complex barriers</u> | No | No | Yes |
| <u>Design a service plan for complex support needs</u> | No | No | Yes |

Source: <https://www.ndis.gov.au/providers/working-provider/support-coordinators>

Further and rather surprisingly given last year’s Annual Price Review (2022-23) rhetoric this is even replicated within the Price Arrangements and Price Limits document itself.

Level 1: Support Connection

This support item assists a participant to implement their plan by strengthening their ability to connect with the broader systems of supports and to understand the purpose of the funded supports. Support Connection assists a participant to understand their NDIS plan, connect participants with broader systems of supports, and provide assistance to connect with providers. Support Connection will assist participants to achieve effective utilisation of their NDIS plan and answer questions as they arise.

Support Connection also increases a participant’s capacity to maintain (or in some cases change) support relationships, resolve service delivery issues, and participate independently in NDIA processes. Support Connection includes, but is not limited to:

- Understand the Plan;
- Connect with Supports and Services;
- Establish Supports;
- Coach, Refine, Reflect; and
- Report to the NDIA.

Source: Page 73 NDIS Pricing Arrangements and Price Limits 2022-23 Version 1.1 (published 1/10/2022)

Level 2: Coordination of Supports

This support item strengthens a participant's ability to design and then build their supports with an emphasis on linking the broader systems of support across a complex service delivery environment. Coordination of Supports is to focus on supporting participants to direct their lives, not just their services, and is focussed on assisting participants to build and maintain a resilient network of formal and informal supports. This involves working together with the participant to understand the funding, identify what participants expect from services, and how participants want this designed. Coordination of Supports also includes coaching participants, and working with participants to develop capacity and resilience in their network.

Coordination of Supports includes, but is not limited to

- Understand the Plan;
- Connect with Supports and Services;
- Design Support Approaches;
- Establish Supports;
- Coach, Refine, Reflect;
- Targeted Support Coordination;
- Crisis: Planning, Prevention, Mitigation and Action;
- Build Capacity and Resilience; and
- Report to the NDIA.

Source: Page 74 NDIS Pricing Arrangements and Price Limits
2022-23 Version 1.1 (published 1/10/2022)

Level 3: Specialist Support Coordination

This support is delivered utilising an expert or specialist approach, necessitated by specific high complex needs or high level risks in a participant's situation. Specialist Support Coordination is delivered by an appropriately qualified and experienced practitioner to meet the individual needs of the participant's circumstances such as a Psychologist, Occupational Therapist, Social Worker, or Mental Health Nurse. Specialist Support Coordination is expected to address complex barriers impacting a participant's ability to implement their plan and access appropriate supports. Specialist Support Coordinators assist participants to reduce complexity in their support environment, and overcome barriers to connecting with broader systems of supports as well as funded supports.

Specialist Support Coordinators are expected to negotiate appropriate support solutions with multiple stakeholders and seek to achieve well-coordinated plan implementation. Specialist Support Coordinators will assist stakeholders with resolving points of crisis for participants, assist to ensure a consistent delivery of service and access to relevant supports during crisis situations.

Specialist Support Coordination is generally delivered through an intensive and time limited period necessitated by the participant's immediate and significant barriers to plan implementation. Depending on individual circumstances, a Specialist Support Coordinator may also design a complex service plan that focusses on how all the stakeholders in a participant's life will interact to resolve barriers and promote appropriate plan implementation. Once developed, a Specialist Support Coordinator will continue to monitor the plan, but it may be maintained by one of the participant's support workers or other care supports.

Specialist Support Coordination includes, but is not limited to

- Understand the Plan;
- Connect with Supports and Services;
- Design Support Approaches;
- Establish Supports;
- Coach, Refine, Reflect;
- Targeted Support Coordination;
- Crisis: Planning, Prevention, Mitigation and Action;
- Address Complex Barriers;
- Design Complex Service Plan;
- Build Capacity and Resilience; and
- Report to the NDIA.

Source: Page 74 and 75 NDIS Pricing Arrangements and Price Limits
2022-23 Version 1.1 (published 1/10/2022)

DIA with the sector built and delivered a benchmarking process, report and findings to the NDIA and the Australian taxpayer at no cost. This clearly shows a level of sector maturity and consistency.

The NDIA conducts its own benchmarking process for determining the Disability Support Worker cost model a process that the NDIA spends hundreds of thousands of dollars on external consultants every year to achieve, and yet has the wherewithal to say that the Support Coordination market is not mature enough to be able to establish an effective and defensible price limit underpinned by a structured cost model.

11.2.4. NDIA Justification Four: Increase in Registered Providers

“There also continues to be a considerable number of new entrants to the market. Some 320 new providers registered as Support Coordinators in the in the first half of 2021-22”

NDIA – Annual Pricing Review 2021-22 Final Report

As a part of DIA’s Annual Price Review submission, DIA conducted an analysis of the providers registered for Support Coordination in the NDIS between two points in time being December 2018 and June 2022.

Whilst it appears on initial inspection to be a positive indication of market growth, or a healthy market, analysing the change in number of registered providers between 2018 and 2022, it is apparent that the number of providers which remain from 2018 is less than half at 49%.

This clearly shows a market that is difficult to remain viable over the short to medium term.

Whilst the NDIA has focused on the overall number of registered providers and the basic metric of 'new entrants' to suggest a flourishing or healthy sector, the incredibly high market 'churn' or volatility of registered providers demonstrates the lack of understanding regarding both the modest margins available and the level of investment, both in terms of dollars and workforce required, to establish a viable Support Coordination business.

DIA finds the continued rhetoric from the NDIA that the Support Coordination market is profitable with sustainable pricing to the point that it can absorb year on year-on-year price freezes, to be reprehensible and setting new entrants to the market up for failure.

11.3. MARKET RESPONSE TO 2022-23 SUPPORT COORDINATION PRICING DECISION

DIA has seen increased volatility in the Support Coordination market, a flatlining of growth within the sector and intermediary service providers ceasing services and exiting the sector.

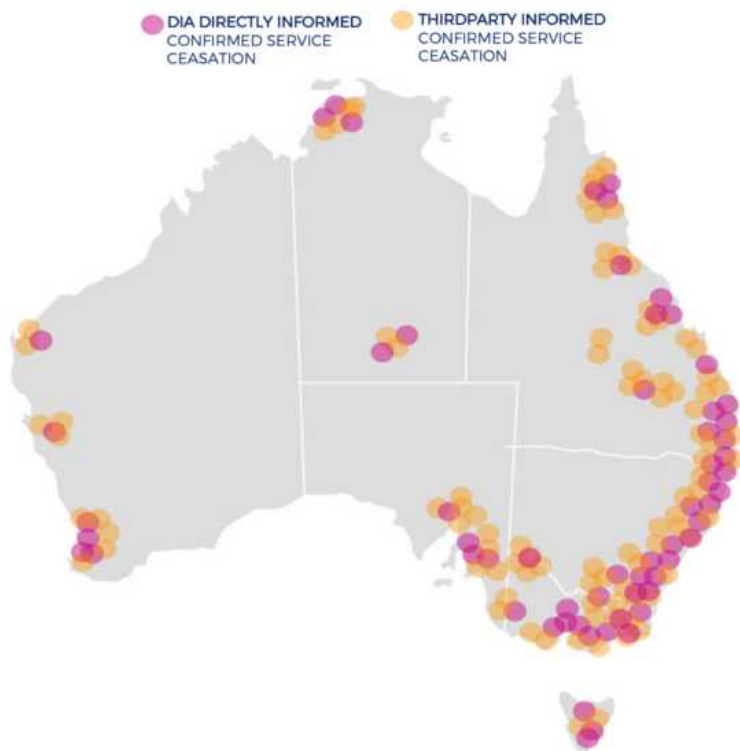
The outcomes from last year's 2022-23 Annual Price Review along with significantly increasing inflationary pressures, running at well over 7%, have placed the Support Coordination market in Crisis.

Support Coordination providers are ceasing service in droves and the NDIA has been asleep at the wheel. DIA has seen significant numbers of providers exit the market, cease support, reduce support, or cease taking on new participants.

DIA has on numerous occasions, had to step in to support organisation to exit and to find alternative supports for participants. Whilst DIA recognise that the NDIA too has undertaken to provide some support to exiting Support Coordination businesses, this support has been patchy, inconsistent and with no clear pathway, contact points or process. This is despite the NDIA's instance that support would be provided to any exiting provider.

Participants with Support Coordination funding are, generally, participants with more complex support needs and present with increased vulnerability. Whilst DIA agrees, that it's not the role of government to ensure every business is financially successful, with such volumes of exits and transition of participants to alternative Support Coordination services without a clear and defined path, DIA is gravely concerned that Participants will fall through the

cracks. Much of this trauma could have been avoided by a modest change to the NDIA price limit last year.



In the 12 months to 31 Dec 2022 DIA is aware of over 400 Support Coordination Providers that have ceased, impacting over 9000 NDIS Participant

DIA has on numerous occasions raised significant concerns about the viability of Support Coordinators to the NDIA. With insufficient response, and given the repeated NDIA's statement "The NDIA will continue to monitor the support coordination market". DIA sort through FOI (22/23-0206) on the 5th August 2022 to understand the level of market monitoring being undertaken by the NDIA.

To DIA's surprise the level of market monitoring was rudimentary at best, relying on reports and direct approaches from exiting providers. Where there is no current requirement to do so. It is clear that at the point of last years 2022-23 annual price review the NDIA, despite DIA's genuine and transparent engagement, had little understanding of the operating environment of Support Coordinators.

"We are just hanging on by our fingernails. If we don't see a significant price increase for Support Coordination, we will be forced to shut our doors."

DIA Member NSW

48 media articles have published on this topic between 1 July and 31 Dec 2022. Below are a small sample of these:

- <https://www.abc.net.au/news/2022-08-16/ndis-support-price-freeze-businesses-exit-market/101308960>
- <https://www.abc.net.au/news/2023-01-11/anglicare-tasmania-ndis-announcement-disability-services/101843438>

- <https://www.bay939.com.au/news/local-news/138689-administrators-confirm-permanent-encompass-closure>
- <https://p2pql.org.au/2022/07/08/organisational-changes>

This sentiment is supported by a significant number of our members and the broader sector. DIA has for some time been concerned about systemic lack of supply should these providers all seek to exit in the coming months.

11.4. PLAN MANAGEMENT PRICING DECISION

11.4.1. **NDIA Justification One:** Average Transaction Cost

High “average” cost of each plan transaction was reported as a reason to keep the current pricing arrangements in place as there “appears to be considerable scope for further efficiencies in the sector”. Whilst DIA agrees that, with more policy certainty, the sector will continue to drive efficiencies however, to imply that there is a high “average” transaction cost is misleading.

In section 8.1. Current Arrangements – Providers of last year’s 2022-23 annual price review report it states that the average price of \$53.98 however half of all transactions were completed at a cost below \$20.08 and a quarter of all transaction at below \$9.98, this clearly shows a dramatic skew and using transaction costs is misleading and disingenuous given the NDIA has made numerous statements that

“The Plan Manager role surely has to be more than just a blind post office box passing on whatever is invoiced by providers and expecting payment in full from the Agency.”

Mr Martin Hoffman
Former NDIA CEO

It is therefore surprising that the transaction costs discussed above are directly compared to those of Visa/Mastercard. For the NDIA to now imply that a key Plan Management metric to determine the health of the market is simply the cost of transactions is baffling and belittles the incredible work that Plan Managers do – beyond just make claims and dispersing those funds to providers.

The NDIA Q2 2022-23 Quarterly Report shows that in the Quarter to 31 December 2022

| | |
|--|--------|
| Total NDIS Funds Claimed by Plan Managers | \$4.1B |
| Total Fees Claimed by Plan Managers for their services | \$114M |
| Plan Management fees as a percentage of total claims made by plan managers | 2.77% |

Plan Managers are delivering high level of participant focused service, beyond just transactional services at credit card transaction levels of cost.

To put it in even simpler terms for ever \$1 a Plan Manager claims on behalf a participant the Plan Manager is paid just 2.77c.

Further, this position is supported by the NDIA's own analysis of the largest 10 plan managers, which shows that as a percentage of claims that Plan Managers are operating at a cost to the NDIS of around 3% of claimed funds for their services.

11.4.2. NDIA Justification Two: Average Management Ratio

In a similar vein to the high transactional cost, last year's 2022-23 Annual Price Review Report lead with the average management ratio figure of 28.5% in what we can only assume was an attempt to set a narrative that plan management supports are highly profitable and poor value for money for participants.

This is despite last year's 2022-23 Annual Price Review Report itself, in significantly smaller text, acknowledging that this figure is highly variable and skewed by a small number of high per cost participants and states the mean management ratio of 8.7%.

However, even this seems high in DIA's view, particularly given The NDIA Quarterly Reports shows that in the quarter to 31 Dec 2022 the Fees Charged by Plan Managers for their services as a percentage of Total Annualised Funds Under Management by Plan Managers it equals just 2.45%.

To put it in even simpler terms for ever \$1 a Plan Manager has under management on behalf a participant the Plan Manager is paid just 2.45c.

DIA notes that for the Financial Year 2021-22 this was closer to 2.7%. Showing that other pricing decisions in last year's 2022-23 Annual Price Review further reduced the margin and profitability of Plan Manager due in the main to the removal of set up for plan extensions, see below.

So, when the entire Plan Management Market's Average Management Ratio is currently at 2.42%, for the NDIA to claim that average funds management ratio is 28.5% or even 8.7% is simply misrepresenting the operational realities of the NDIS Plan Management Market and setting new entrants up for failure.

11.4.3. NDIA Justification Three: DIA's data on Profitability misused

Last year's 2022-23 Annual Price Review Report quotes the DIA submission that 54% of the plan management respondents (430 in total) had reported a profit and that the average EBITDA was 24%. What was left out of the report, not overly surprisingly, was that the Median EBITDA was a **significantly lower number of 3%** which is a far better representation of the actual market operating conditions.

DIA's submission was detailed and transparent. DIA did not cherry pick data that supported a pre-determined position, we presented a true and accurate representation of the market on the ground. Given the disparity with these two-profitability numbers it is misleading for the NDIA to only reference the average given the skew that is clearly present.

In DIA's view, one-sided commentary such as this will only serve to drive lower skilled and less qualified providers into the market chasing easy profitability that clearly does not exist, leading to poorer outcomes for participants.

11.4.4. NDIA Justification Four: Value for Money

It is surprising to see in last year's 2022-23 Annual Price Review Report the transaction costs discussed, see NDIA Justification One above, are then directly compared to those of Visa/Mastercard, Superannuation Funds and Global Healthcare Transactions, not a fair comparison.

Plan Management is more than just a simple transactional service which represents great value at 2.45% Average Management Ratio and 2.77% Ratio to Funds Claimed.

Comparable markets for services and support based on DIA's research indicates that in 2020-21:

- Financial Services sector operated at 14.6%;
- Administration and Support Services sector at 8.7%;
- Health Care and Social Assistance sector (private) at 18.0%;
- Administration and Insurance sector (public) at 8.1%; and
- Professional Services sector operated at 20.4%.

Source: Australian Bureau of Statistics 2020-21

11.4.5. NDIA Justification Five: Market Maturity

In the opening paragraph of section 8.4 Discussion, in last year's 2022-23 Annual Price Review Report it states:

"It is clear that roles of, and expectations on, plan managers are still evolving. Neither the service offering, nor the market has fully matured and the context within which plan managers deliver their services is also not fully developed".

Save for the policy gaps previously noted in this submission, DIA find ourselves asking – which is it?

Is the Plan Management market immature and with undefined role scope and function, if so this mean that it would require a transition funding model design to develop and increase quality, innovation, and improved participant outcomes; or

Is the Plan Management market maturing enough that participants are reasonably stable in their service arrangements with their Plan Manager with a value for money proposition worth the comparison with Visa / Mastercard and Superannuation etc; in which long tail efficiency price modelling is appropriate.

Both statements cannot be true at the same time. In the NDIA's own opinion (Guide to Plan Management September 2020) it clearly states:

Plan management refers to the financial administration of a participant's NDIS plan on a participant's behalf. This service will assist a participant by:

- *Managing and monitoring a participant's budget in accordance with the plan management service agreement for the duration of the NDIS plan*
- *Managing the NDIS claims and disbursing funds to providers for delivered services*
- *Maintaining records for a participant and producing regular (at least monthly) statements for participants showing the financial status of a participant's plan, and*
- *Providing access as required to a wider range of service providers, including non-registered providers, while ensuring compliance with the price limits contained within the NDIS Price Guide.*

The Guide further states that a Plan Manager will provide:

- *Information [to the participant] about respective responsibilities to ensure supports obtained are aligned with a participant's NDIS plan;*

- *Confirmation [for the participant] there is sufficient NDIS funding in a participant's plan for supports;*
- *A preferred method of invoicing and/or how receipts for reimbursement are exchanged;*
- *[the Participant with the] preferences regarding visibility over provider invoices sent to a plan manager;*
- *[the Participant with the] plan manager's process for receiving and managing invoices;*
- *[the Participant with the] responsibilities of a participant and plan management provider for ongoing monitoring and management of plan budget;*
- *[the Participant with the] well defined and understood dispute resolution processes;*
- *Manually establish the quarantining of plan managed funds through NDIS portal (Establish special Plan Managed Service Bookings).*

DIA contend that any comparison to purely transactional services is highly inappropriate and does a disservice to the providers of plan management and the participants that access this service.

DIA provided an extensive analysis of why participants choose to have their NDIS funds plan managed in our 2022 State of the Australian Disability Intermediaries Sector Report; this analysis clearly states that the reasons go well beyond simple transactional processing.

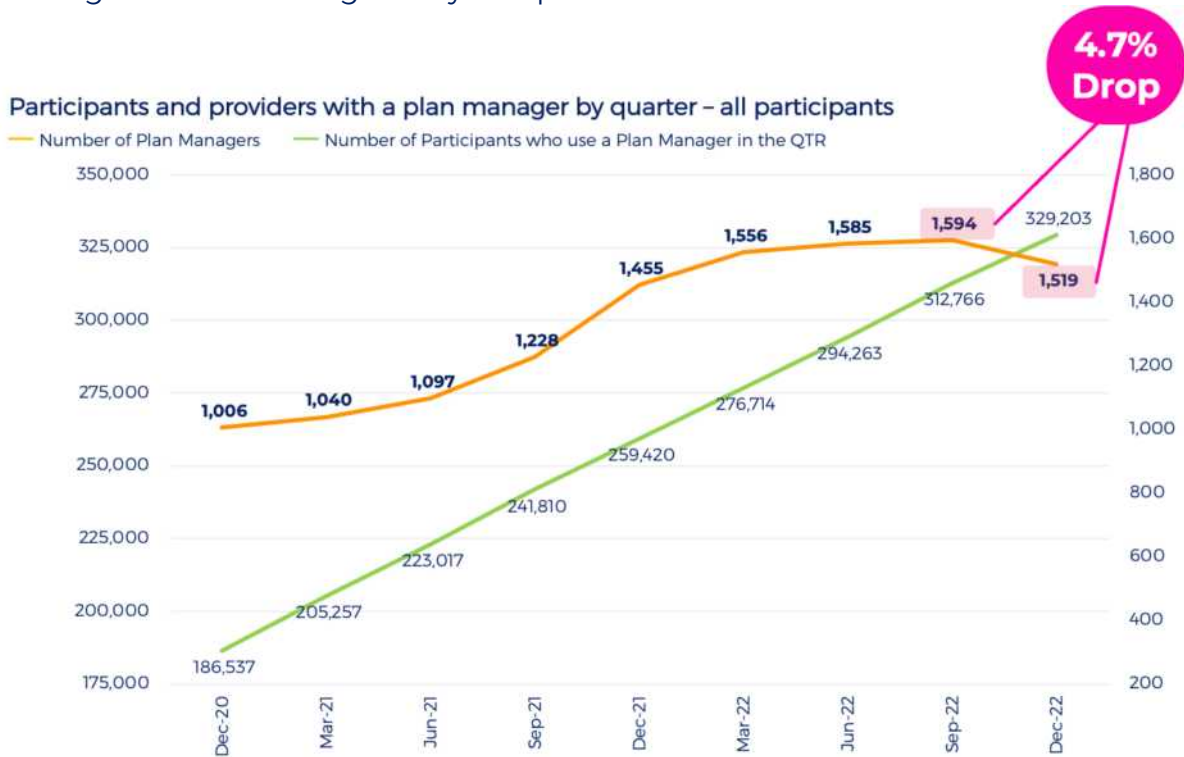
Further, save for the policy gaps noted earlier, which DIA have been trying to address with the NDIA in some case for years, the base service delivery as specified under the NDIS Act reasonably articulates the base service, role and function that a Plan Manager plays and is operationalised through:

1. The requirement for all Plan Managers to be Registered with the NDIS Quality and Safeguards Commission.
2. The NDIS Code of Conduct that all providers must adhere to, regulated by the NDIS Quality and Safeguards Commission.
3. The NDIS Practice Standards that all Plan Managers must adhere to, regulated by the NDIS Quality and Safeguards Commission.
4. The NDIA Guide to Plan Management.
5. DIA Professional Standards of Practice for Plan Managers.

11.5. MARKET RESPONSE TO 2022-23 SUPPORT COORDINATION PRICING DECISION

DIA has seen increased volatility in the Plan Management market, a reduction of providers within the sector with providers ceasing services and exiting the sector.

For the first time in the scheme's history, the Plan Management market (number of providers) has contracted by 75 providers or 4.7% in the quarter to 31 Dec 2022. During the same period in the previous year the Plan Management market grew by 227 providers.



DIA notes and has welcomed the series of high-profile acquisitions over the past 6 months, these acquisitions should not be taken by the NDIA as a reflection of market profitability or viability.

The NDIA must understand the motivations of all the parties involved in the acquisitions and not make simple assumptions based on often inflated media reports.



Disability
Intermediaries
Australia