

POSITION STATEMENT

NDIA Independent Pricing Review

Therapy Focus acknowledges the Independent Pricing Review Report produced by McKinsey & Company which was presented to the National Disability Insurance Agency (NDIA) in December 2017. Therapy Focus further acknowledges the NDIA's response to the Report issued March 2018 with in principle support for each of the 25 recommendations contained therein.

However, Therapy Focus does not support the adoption of the therapy pricing recommendation (Recommendation 17) in its current form. Implementation of this recommendation will see the viability of therapy providers severely challenged, with market failure becoming a real possibility. This will result in people with disability having less choice of quality therapy service providers under the National Disability Insurance Scheme (NDIS). Additionally, for providers that can continue to deliver services under the NDIS, the reduction in funding from the current rate will see a reduction in the quality of services, and the adoption of practices not deemed best practice. This does not serve people with disability in the Australian community well now, or into the future.

Challenges to Provider Viability

The methodology for the review of therapy is skewed toward the motor vehicle insurance industry and catastrophic injuries. The recommendations lack appropriate consideration of conditions such as intellectual disability and autism, prevalent conditions in the population of people accessing the NDIS. Whilst Therapy Focus acknowledges that for benchmarking purposes there is an inherent difficulty in comparing like industries, for the Review Report to identify all insurance comparisons for pricing and not include health or other human service benchmarks (i.e. Medicare) seems an unexplained oversight.

If Medicare was taken into account as a benchmark, the Review would have noted that similar episodic care provided under Items 10950-10970 by allied health would have generated a recommended payable fee of \$62.25 (per minimum 20 minute episode of care), of which 85% (or \$52.95) is rebate-able with the Extended Medicare Safety Net Cap being \$186.75 per hour. This is higher than the current single pricing structure under the NDIS of \$175 per hour, and vastly higher than the proposed tiered structure in the Review Report.

Whilst we are committed to finding ongoing efficiencies, and changing our model of service to be more cost-effective, Recommendation 17 in its current form is not sustainable for delivering quality supports to people with disability. Analysis of the impact of this change suggests Therapy Focus will lose 20% of its revenue base by the full Scheme rollout. Whilst the majority of newly registered NDIS providers are in the therapy industry, the number actually providing planned supports (the true measure of a mature market) is minimal. Reducing the price will therefore not be conducive to the development of a mature therapy market. In addition to short term market failure, this price reduction in the disability therapy market will cause long term damage as professional therapists seek careers in industries that pay commensurate with their professional standing.

Reduction in Quality of Services

The recommendations focus on achieving an efficient price, rather than a truly effective price. An effective price which focuses on outcomes will support the scenario whereby a highly skilled and experienced therapist undertakes 'Level 1' work very effectively, using fewer plan hours and significantly improving a person's functioning to the point of independence and economic participation.

For the achievement of therapeutic outcomes, it is Therapy Focus' firm view that the proposed pricing structure for therapy supports does NOT:

- Enable people with disability to make choices about the skill and experience of the therapists' they work with;
- Contribute to the improvement of people's daily functioning while offsetting future costs where possible, as intended by the insurance principles underpinning the NDIS;
- Develop an ongoing and sustainable professional therapy workforce; or
- Support transdisciplinary service delivery, or even multidisciplinary service delivery, recognised by the NDIA as critical to early childhood intervention.

The Review does not take into account the complexity of implementation of a tiered pricing structure for therapy supports. It only addresses the pricing. It is evident in the rollout of the NDIS already that there are pressures on the Planner workforce. There are limited people in this country who have the:

- i) knowledge of disabilities and the understanding of the complexities that impact on daily life;
- ii) knowledge of services and supports available in the community for access by people with disability; and
- iii) sensitivities to engage in the depth of conversation required to develop effective plans and access to supports.

To now burden that workforce with the responsibility to discern between tiers in a pricing structure is problematic. Should that workforce not be able to discern accurately, it may leave the NDIS and the providers vulnerable to appeal by Scheme participants (i.e. people with disability) via the Administrative Appeals Tribunal, or even exposed to litigation for missed life opportunities and/or adverse care outcomes.

The NDIA has acted quickly in its adoption of all recommendations made by McKinsey & Company, which has limited its ability to consult widely with the sector. The impact of this decision is far-reaching in a state like Western Australia, which has gone from planning for a State-run scheme in December 2017 to a Commonwealth-run scheme with a price reduction of up to 20% by March 2018.

Aside from Recommendation 17 and the concern held for pricing of therapy supports, the Review Report does have merit. The considerations for psychological supports, therapy assistance supports, travel and cancellations is warranted, acknowledged and appreciated. Likewise, the consideration of innovative practices like outcomes based funding and single national pricing is acknowledged and deemed progress in considering how to meet needs in remote areas and the very hard to reach populations. However they won't matter in the therapy sector if the therapy pricing means continued operations are not viable.



Therapy Focus hereby requests the NDIA Board to review its decision to implement Recommendation 17 in its current form. As a major therapy provider employing over 250 professional therapists, Therapy Focus, its Board of Directors, management, staff and clients, offer their commitment to work with the NDIA to achieve price deregulation as the market matures. We are committed to improving our own business and finding efficiencies that will enable effective, high quality services into the future. This is how we address our purpose of enabling people living with disability to optimise their quality of life.

A handwritten signature in black ink that reads 'Fiona Payne'.

Fiona Payne
Chairperson

April 2018

A handwritten signature in black ink that reads 'Matt Burrows'.

Matt Burrows
Chief Executive Officer

April 2018