



## **Joint Standing Committee on the NDIS: Inquiry into NDIS ICT Systems**

Despite experiencing many pressures and frustrations in the implementation of the National Disability Insurance Scheme (NDIS), disability service providers remain strongly committed to the vision of the NDIS and its promise to:

- Expand choice and control for people with disability and their families
- double the funding for disability support to respond to the high need for services and equipment
- adopt an insurance approach that invests in early intervention
- increase equity and life opportunities for people with disability across Australia

Critical to realising this vision is the growth of a dynamic, sustainable and values-driven disability sector. Without this, people with disability and their families will not have the choice and quality of support the NDIS promises.

Disability service providers are under pressure from the way the NDIS is being implemented. The scheme demands rapid growth and huge change at the same time. As the Productivity Commission observed in its October 2017 report on NDIS costs<sup>1</sup>, this environment is “highly challenging” for providers.

Implementation problems have dogged the scheme since July 2016 when the NDIS moved to full-scheme transition. NDIS systems faltered as the intake of participants dramatically increased. The additional costs borne by disability service providers as a result of poor systems and processes are large. The intake of NDIS participants in the current financial year is scheduled to double the intake during the preceding financial year. It is imperative that systems are operating efficiently to enable this to happen without escalating the stress and costs imposed on providers.

### **Introduction of the MyPlace portal**

In mid-June 2016, the National Disability Insurance Scheme closed the portal that had operated during trial to begin migration of data to MyPlace, a new portal designed as the full scheme ICT solution. Service providers were told they could make no further claims for payment until MyPlace began operation on 1 July (under the old portal, providers consistently received payments within two days of making a claim).

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<sup>1</sup> <http://www.pc.gov.au/inquiries/completed/ndis-costs/report/ndis-costs.pdf>

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In the lead up to this, NDS consistently requested that the new portal be thoroughly tested prior to implementation; to our knowledge, testing was minimal.

The aim of the MyPlace portal was to improve the administration of the NDIS. The reality was the opposite. Payments to providers almost ceased and took weeks to resolve. Cash flow problems were serious, resulting in the NDIA offering to make advance payments to providers in financial distress. Poor communication by the NDIA about the status of the portal, including limited information on progress in fixing problems, exacerbated the frustration experienced by providers over this period

At the direction of the Minister, PwC was engaged by the Department of Social Services (DSS) to review the implementation of the MyPlace portal. The report provides some insight into why the failures occurred but, in NDS's opinion, overly blamed inadequate "people, provider and participant readiness and training"<sup>2</sup>. While the lack of training and information were issues, the problems encountered extended well beyond them.

The report refers to 'Minimum Viable Product (MVP)'. To quote the PwC report<sup>3</sup>:

The MVP defined the minimum functions and features required for the Full Scheme ICT Solution to perform its critical capability. The MVP was endorsed by the NDIA Executive Management Group (EMG) in November 2015.

Surprisingly, the MVP for the MyPlace portal— critical infrastructure for the scheme—was treated as a flexible concept. The PwC report goes on to state:

A revised MVP was presented to the EMG on 8 March 2016 and further updated in early May 2016 which sought the EMG's endorsement of the final business requirements and the elements of the MVP that could not be delivered by 1 July 2016.

To meet the launch deadline, the specifications of the MVP were downgraded as the launch date loomed; the portal was not adequately tested with participants or providers; and information and training for the users of the system were not made available. It is hard not to conclude that the MyPlace portal was destined to fail when it launched on 1 July.

## Two years on, how is the portal operating?

Providers universally indicate that they have incurred substantial additional costs in working with and claiming from the MyPlace portal. They have employed additional staff to undertake tasks such as managing claims, remedying payment failures and creating service bookings and agreements.

Additional costs were not just incurred during a short-term transitional period; much is ongoing.

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<sup>2</sup> PricewaterhouseCoopers 2016, 'National Disability Insurance Scheme: MyPlace Portal Implementation Review – Final Report'

<sup>3</sup> Ibid., p. 7

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While system changes addressed the causes of a significant proportion of early payment problems, receiving payment for supports delivered is still difficult and administratively onerous. The table below lists the proportion of unsuccessful payments over the past three months<sup>4</sup>.

Week ending	Unsuccessful payments %
3 June	7.4
17 June	10.5
24 June	7.7
1 July	8.6
8 July	7.6
15 July	11.6
22 July	9.1
29 July	9.3
5 Aug	6.7
12 Aug	7.7
19 Aug	6.5
26 Aug	8.0
2 Sept	6.6

A 9% unsuccessful payment rate equals almost 30,000 claims. Two years on, receiving payment for supports is still more difficult than it should be (some take many weeks to resolve). An equivalent payment failure rate in other sectors such as financial services or retail would be unthinkable.

The NDIA is responding to the problem. A few months ago, it established a national provider payments team to facilitate the payment of rejected claims; this team has increased in number to 80. A well-functioning portal would not require this large, dedicated team of people to ensure providers receive payments. Providers welcome the initiative, but it is an expensive and cumbersome solution to an ICT problem.

Many of the causes of payment problems relate directly to the design of the portal. For example, in October 2017 NDS heard from many providers not able to obtain payments because a participant's plan had expired prior to the development of a new plan. The portal was not flagging this issue to the Agency staff and providers have limited visibility of a participant plan, so that the first indication of an expired plan was often a rejected payment claim. A provider does not receive notification if a participant's plan is expired or ended by the NDIA (even if it is re-created). This needs to be remedied urgently.

Every change to a participant's reasonable and necessary supports requires the ending of an existing plan and the creation of a new one. A key feature of the portal is the creation of service bookings between participant and provider, which quarantine funds to pay for agreed supports. Every new plan forces the need for new service bookings. If a plan is created for an individual but they require a quote for a piece of equipment for Supported Independent Living supports, the acceptance of a

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<sup>4</sup> Viewed at <https://www.ndis.gov.au/about-us/information-publications-and-reports.html> on 12 September 2018

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quote will generate the ending of a plan and the creation of a new one; a service provider will need to re-do its service bookings with that participant.

Compounding the administration of service bookings, until recently, was the inability for providers to edit their own service bookings - when a participant asked for a change to their support hours, for example. This required the provider, with the participant's permission, to email the NDIA and request changes. These changes could sometimes take weeks to be implemented.

A welcome recent development is the introduction of an 'edit' function for service bookings. For new bookings, a provider has the ability to edit. Older bookings cannot be edited but can now be ended by the provider and a replacement booking created. Despite the legacy problem associated with older service bookings, the introduction of an edit function will resolve a proportion of payment problems.

Other basic but welcome portal changes are:- the introduction of a dashboard list of all participants who have a service booking with the organisation; an email alert from the portal if it detects a problem with a service booking; and improvements to the provider-finder function to assist participants to locate service providers.

### What is needed?

The portal does not work well for any of its main groups of users - providers, participants, their families and carers, the NDIA, Local Area Coordinators or Early Childhood partners. The list of enhancements required is long. While we expect that further enhancements are in train, we don't know what exactly is planned or when. Information on this is needed.

A review of the suitability of the systems and associated processes for full scheme operation is urgently required. The known flaws should be rectified as soon as possible, even if that means bringing forward planned expenditure.

NDS has long argued the need for a provider reference group to inform the Agency and the Department of Human Services on the operation of the MyPlace portal, to help identify the improvements needed and to test improvements before they are implemented. The PwC report echoed this:

Shift to a customer-centric approach that is tailored to the stakeholders' needs, and that has an emphasis on transparency to ensure deeper understanding of NDIS and the MyPlace Portal.

...

Establish a control group of a representative sample of participants and providers to test upcoming changes in order to measure and track customer satisfaction for continuous improvement purposes.<sup>5</sup>

Last year, the NDIA convened an advisory group of providers to assist PwC to identify solutions to payment problems; however, its existence was short-term. A continuing advisory group is necessary to help create an ICT system that works for all stakeholders.

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<sup>5</sup> PwC, op.cit. p.16

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It is disappointing that after two years, the ICT system still does not allow providers to run relatively simple reports, such as listing all service bookings; payments made and unsuccessful payment claims. The administrative burden it causes to providers is huge.

The NDIA commissioned McKinsey & Company to undertake an Independent Pricing Review (IPR) of NDIS prices. Released in March 2018, the NDIA has given in principle support to its 25 recommendations, 10 of which have been implemented through the current Price Guide.

The IPR found that although some providers can operate profitably at current 'attendant care' prices, most cannot. Of the 22 providers whose finances the IPR interrogated, only five operated at costs below the east coast price cap.<sup>6</sup> If the supply of NDIS services is to expand at a rate and level of quality that meet the high growth in demand, *most* providers would have to be profitable.

The IPR recommended a 'temporary support for overheads' price increase for 12-months (the NDIA has set the increase at 2.5% on standard attendant care this financial year and 1.25% for the following financial year). This is insufficient to meet the additional costs experienced by providers, many caused directly by the poor design and operation of NDIS systems and processes, central to which is an inefficient and cumbersome ICT system. The temporary support for overheads price increase needs to be raised and retained until working with NDIS systems and process is efficient and effective.

## September 2018

**National Disability Services** is the peak industry body for non-government disability services. It represents service providers across Australia in their work to deliver high-quality supports and life opportunities for people with disability. Its Australia-wide membership includes 1100 non-government organisations which support people with all forms of disability. Its members collectively provide the full range of disability services—from accommodation support, respite and therapy to community access and employment. NDS provides policy advice to State, Territory and Federal governments.

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<sup>6</sup> McKinsey & Company, 2018, Independent Pricing Review, NDIA, p. 25