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Inquiry into the transitional arrangements for the NDIS

7 August 2017

Introduction

The Victorian Healthcare Association (VHA) welcomes the opportunity to contribute to the Joint Standing Committee on the National Disability Insurance Scheme's (NDIS) Inquiry into the transitional arrangements for the NDIS. The VHA agrees to this submission being treated as a public document and being cited in any reports that may result from this consultation process.

The Victorian Healthcare Association is the not-for-profit peak body supporting Victoria's public health services to deliver quality care. Members of the VHA include Victorian public hospitals, and health services and registered community health services that deliver residential aged care, home care and disability services. Our members deliver approximately 15 per cent of Victoria's registered disability services.

Given the interests of our members, we have identified five key themes that are relevant to this consultation:

- risk of thin markets and market failure
- interface with mainstream health services
- the planning process
- other services for people with disabilities.

1. Risk of thin markets and market failure

Public hospitals and community health services have a considerable footprint in regional and rural areas (traditionally areas of lower demand) and often provide services to people with high and complex needs. In many cases they are the only provider for vulnerable people, and have a deep understanding of the risks and opportunities in their local regions. As such they act as a safety net for Victorians who may otherwise struggle to access services that meet their needs in, or near, their homes, families and communities.

The move to individualised funding under the NDIS requires providers to have sufficient economies of scale in order to operate sustainably, which can be difficult to achieve in rural and remote communities and in areas of thin markets. As the roll out of the NDIS continues, the provision of disability services in these areas may be at further risk.

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In order to ensure the continuation of a wide range of services that are reflective of consumer need, governments must put protections in place to allow public providers and smaller, niche services the opportunity to participate in and contribute to, a diverse marketplace.

The VHA agrees with the findings of the Productivity Commission's position paper into NDIS costs (the position paper) which recognise the need for appropriate government intervention in areas where a fully competitive, market-based and individualised funding model will not operate effectively. [1]

For this reason, the VHA believes that alternative funding models (including fixed or block funding) must be made available in areas of thin and failing markets, and for services targeted towards complex consumers requiring specialised services.

Examples of models that could be considered include:

- The introduction of price guide flexibility whereby additional funding could be allocated on a sliding scale to meet client needs and build capacity in services and communities. This could be achieved using the current quote based system that the NDIA already has in place.

- A trial of the multipurpose services (MPS) model, which is used in the aged care sector, as a solution to market failure in rural and remote areas. The model is based on the principle that MPS' can pool funds from previously separate Commonwealth and State aged care and health programs to provide a more flexible, co-ordinated and cost effective framework for service provision.

Commonwealth, state and territory governments should also collaborate together to monitor and address issues in thin and failing markets and should work with existing public hospitals and community health services to develop local solutions and collaborations.

Recommendation: *That alternative funding models be made available in areas of thin and failing markets (such as MPS and fixed or block funding); and for service targeted towards complex consumers requiring specialised services.*

Recommendation: *That Commonwealth, state and territory governments collaborate together to monitor and address issues in thin and failing markets.*

Recommendation: *That the NDIA and Commonwealth, state and territory governments work with existing public hospitals and community health services to develop local solutions and collaborations to support areas at risk of becoming a thin or weak market.*

[1] Productivity Commission 2017, *National Disability Insurance Scheme (NDIS) Costs,* Position Paper, Canberra, p39

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2. Interface with mainstream health services

People access services from a range of sectors across their life span. It is also common for people to receive multiple services from multiple systems at the same time. It has been stated that the capacity of the NDIS to interface effectively with mainstream services is critical to ensuring good outcomes for participants and the long-term financial sustainability of the scheme.[2]

To prevent people 'falling through the gaps', an effective interface between the disability and health systems is crucial, however coordination between the two sectors continues to be a key issue.

The NDIS will intersect with the health system on a number of levels, including:

- NDIS participants will continue to require clinical treatment, health and rehabilitation services.
- Healthcare providers will have an important role in assisting people to navigate information and support their access to the NDIS.
- Many healthcare providers may also decide to become NDIS providers.

Despite this clear overlap, the roll-out of the NDIS has in some cases created artificial barriers between 'health' and 'disability' needs, which actively work against the provision of integrated and holistic care.

The delineation between the services to be provided by the NDIS and those provided by mainstream services has not been made sufficiently clear. At times the negotiations of these service splits between the state government and the NDIA have left providers grappling with undefined boundaries during a fast-paced rollout.

It will be crucial to monitor the interface between the NDIS and the health system to ensure that:

- perverse incentives are not created that work against the wellness and recovery approach
- service delivery for NDIS participants is outcome focused and responsive to individual goals, rather than on cost shifting between the NDIS and state health systems.[3]

[2] Productivity Commission 2017, *National Disability Insurance Scheme (NDIS) Costs Productivity Commission Issues Paper,* pp 15
[3] Deeble Institute, 2014, *Implications of the National Disability Insurance Scheme for health service delivery*, Deeble Institute Issues Brief, No.NLCG-5, Australian Healthcare and Hospitals Association, 23 June 2014, Canberra.

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The VHA is concerned that the poorly defined interface between the NDIS and mainstream health services may result in large numbers of clients losing access to community-based disability services and requiring more costly, acute health services, leading to poorer outcomes for people with disabilities. This could also have a number of consequences for the NDIS such as the potential for people to enter the NDIS with higher levels of disability over time, and the risk of increasing costs.

The interface must be seamless and the systems easily navigated. The interface arrangements should be developed based on the principle that people with a disability must be able to easily access the full range of services they require to optimise their health, independence and social and economic participation.

Therefore policies and strategies are required to ensure people can receive care and support in the most appropriate setting, are supported to transition between service settings, and are able to receive services from multiple sectors in an integrated way.

Policy changes in one sector must not lead to unintended consequences in another and the risk of this increases with the roll-out of major reform agendas such as national aged care reforms, the NDIS, and the Health Care Homes initiative. Given the complex reforms taking place, it must be the Commonwealth that takes the lead to initiate, in discussion with its state and territory counterparts, solutions to address interface issues.

A strategy is required to address the needs of consumers and organisations across the health, aged, community and disability care sectors. The strategy should seek to ensure the provision of effective and equitable service outcomes for people receiving services and must start from a shared understanding and purpose between health, aged care and disability sectors, as well as between state and Commonwealth governments.[4]

The Commonwealth should establish a clear mechanism for different levels of government, the NDIA, healthcare providers and the disability sector to work collaboratively to address interface issues in a collaborative way and resolve gaps, overlaps, inconsistencies and tensions where they exist.

The VHA also supports the Productivity Commission's position paper recommendations that:

- The NDIA should report, at its quarterly report to the COAG Disability Reform Council, on boundary issues, including identifying service gaps and actions to address barriers to accessing disability and mainstream services for people with a

[4] AHHA 2016, *Cross-Sector Care Simulation, Reform Processes and the Interface between Disability Services, Aged Care and Health,* Australian Healthcare & Hospitals Association, November 2016

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disability.[5] Each COAG council that has responsibility for a service area that interfaces with the NDIS should have a standing item on its agenda to address the provision of those services and how they interface with NDIS services. This item should cover service gaps, duplications and other boundary issues.[6]

***Recommendation**: Establish a mechanism to monitor the impacts of the NDIS on health services and to address interface concerns between all levels of government and relevant sector stakeholders.*

***Recommendation:** Develop and fund a co-designed strategy to address the needs of consumers and organisations across the health, aged, community and disability care sectors to ensure the interfaces between these sectors support better patient outcomes.*

***Recommendation:** Provide health services with a clear framework for navigating the health-disability interface.*

***Recommendation:** Monitor the interface between NDIS and the health system and ensure care planning reflects consumer needs and preferences rather than arbitrary boundaries or cost-shifting between service systems.*

3. The planning process

As stated in the VHA's second submission[7] to the Productivity Commission review into NDIS costs, feedback from VHA members indicates that the pressure of targets on the NDIA, along with the staffing cap, has led to plans being completed over the phone and with insufficient time being spent with participants to understand their support needs.

More time and investment is required during the pre-planning and planning phases to support in depth conversations and face-to-face meetings with planners and Local Area Coordinators. Proper investment in the early stages of the process will ensure that plans reflect the assessed formal and informal support needs of the participant and reduce costs associated with avoidable reviews in the long term.

The removal of the NDIA staffing cap may improve the capacity of planners to work with families in the planning phase, resulting in a more efficient use of funding and better quality outcomes for the participant.

Additionally it is unclear as to whether participant outcome measures are being incorporated consistently during the planning process, for this reason the VHA

[5] Productivity Commission 2017, *National Disability Insurance Scheme (NDIS) Costs,* Position Paper, Canberra, p.57
[6] Ibid
[7] Victorian Healthcare Association 2017, *Submission to the Productivity Commission Review of NDIS Costs Position Paper*

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recommends that there should be increased training of NDIS planners to ensure a consistent process and quality of planning.

The concept of 'reasonable and necessary' supports needs to be clearly defined. At present it seems that the NDIS is placing the burden on participants and providers to understand what 'reasonable and necessary' supports are. It would be beneficial for NDIS planners to have clearer guidelines regarding what evidence is required to justify whether a support is 'reasonable and necessary'. This will also assist in managing expectations for participants when engaging with the NDIS. There also needs to be more accessible training and information to providers, particularly in the health sector, to help them understand what supports are reasonable and necessary and how the criterion is applied.

The VHA reiterates its previous concerns that the eligibility criteria for the NDIS should not create a barrier for individuals to access supports, and should be flexible to respond to episodic functional impairments due to a mental health issue or psychosocial disability.[8]

The Productivity Commission's findings indicate that participants with a psychosocial disability and those who struggle to navigate the scheme are most at risk of experiencing poor outcomes.[9] This is of concern as psychosocial disability is the third most common primary disability among scheme participants, and an additional four per cent of participants have a psychosocial disability that is not considered their primary disability.[10]

For this reason the VHA supports recommendation 4.2 of the position paper:

> *That there should be specialised planning teams and/or more use of industry knowledge and expertise throughout the planning process for types of disability that requires specialist knowledge.*[11]

The VHA recommends that the NDIA develop a clear process for consulting people with expertise throughout the planning process, to ensure that adequate supports are included in the plans to meet individual needs. In these instances, the NDIA should ensure that this expertise is drawn from a range of sources across the disability, mental health and health sectors.

Recommendation: *That the Commonwealth Government remove the staffing cap on the NDIA to ensure capability and expertise to deliver the scheme.*

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[8] Victorian Healthcare Association 2017, *Submission to the Joint Standing Committee Inquiry into the provision of NDIS services for people with psychosocial disabilities*
[9] Productivity Commission 2017, *National Disability Insurance Scheme (NDIS) Costs,* Position Paper, Canberra, p123
[10] Ibid. p.98
[11] Ibid. p.178

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Recommendation: *That the NDIA build the capability of its planners to ensure that the eligibility screening is sufficiently robust and establish a mechanism to ensure consistency in the planning process.*

Recommendation: *That the 'reasonable and necessary' criterion be clearly defined and training and information delivered to providers to assist them in understanding how the criterion relates to the consideration of what is reasonable and necessary.*

Recommendation: *That the NDIA develop a clear process for consulting people with expertise throughout the planning process, and to ensure this expertise is drawn from a range of sources across the disability, mental health and health sectors.*

4. Other services for people with disabilities

Not everyone with a disability will be eligible for the NDIS. Some people who are currently accessing disability services will be deemed as eligible as they are receiving services from 'defined' programs, whilst others will need to test their eligibility for the NDIS.

As the full rollout of the NDIS commences, eligible Victorians with a disability will transition into the scheme whilst others will not be eligible and will need to access services outside the NDIS.

The Commonwealth, state and territory governments have committed to provide continuity of support for people with a disability who are not eligible for the NDIS. However, the approach that will be taken in each jurisdiction is not yet clear. As noted in the Productivity Commission's position paper, "*there is confusion and uncertainty about what services will continue to be provided/and or funded outside of the NDIS*[12]".

In Victoria, continuity of support for people with a disability under the age of 65 years will be provided over the period that the NDIS rolls out in Victoria through the Home and Community Care Program for Younger People (HACC PYP). The program will continue to provide the same types of services that were provided under the former Victorian HACC Program which include help with housework, personal care, meals, social support and group activities, nursing care and home maintenance. The arrangements for continuity of care post 30 June 2019 have not yet been made clear.

Additionally, as part of the transition to the NDIS, Victoria has committed all of the funding previously used to deliver community based mental health services. Victoria is the only state that has done this, and it means that there will be a significant gap and

[12] Productivity Commission 2017, *National Disability Insurance Scheme (NDIS) Costs,* Position Paper, Canberra, p181

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risk for Victorians that require mental health services but who may not be eligible for the NDIS.

It is currently estimated that as many as 10,000 Victorians living with mental illness will be unable to access an appropriate service in the NDIS full scheme environment.[13] We are concerned that these Victorians – many of whom are currently receiving care through the mental health community support services program – will find themselves without access to an equivalent support.

The Victorian Government have not yet demonstrated how they will deliver on their commitment to provide continuity of support, and whether they will commit to maintaining and funding community mental health services.

The 2017-18 Commonwealth Budget included a total of $80 million additional funding for the states and territories over four years to maintain community psychosocial services for people with mental illness who do not qualify for assistance through the NDIS, however it is contingent on a matching commitment from the states and territories.

The VHA recommends that the Commonwealth Government commit to funding community mental health services for people who are not eligible for the NDIS, irrespective of the states and territories matching the commitment. The Commonwealth Government should also work with the states and territories to address emerging gaps and to ensure a national approach to maintaining community mental health services outside of the NDIS.

Recommendation: *That the Commonwealth Government commit to funding community mental health services for people who are not eligible for the NDIS, irrespective of the states and territories matching the commitment.*

Recommendation: *That the Commonwealth Government work with the states and territories to address emerging gaps and to ensure a national approach to maintaining community mental health services outside of the NDIS.*

[13] VICSERV 2016, *State Budget Submission 2017-18 Towards a Responsive Mental Health System in Victoria,* Psychiatric Disability Services of Victoria

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Further information

For further information, contact:

Tom Symondson
Chief Executive Officer
03 9094 7777

Carolina Maistry
Project & Policy Officer
03 9094 7777