LanternPay

Submission to the Joint Standing Committee
on the National Disability Insurance Scheme

Inquiry into NDIS ICT Systems

SEPTEMBER 2018

lantern**pay**

Context for this submission

The many failings and shortcomings within the ICT systems of the National Disability Insurance Scheme ('the Scheme') are well documented, as are the consequences these have for participant and provider experience. LanternPay does not intend to replay these in detail in this submission, and indeed we note that other respondents to this inquiry have identified exactly these types of issues. We expect that further significant amounts of public money will continue to be invested in these systems, and that they will ultimately reach a level of maturity that makes them 'fit for purpose' for a proportion of the Scheme's Participants.

Rather, this submission focuses on the idea that the 'core' Government-provided systems should be but one part of the overall NDIS ICT ecosystem. Leading Australian technology businesses are ready to put private capital and high-quality innovation to work to contribute to the scheme. Within appropriate risk parameters, Scheme Participants should be able to access their NDIS plans and funding on their device of choice. They should be able to easily engage financial intermediaries where desired, and access mainstream service providers, who in turn validate and claim against these NDIS plans through *their* channel of choice.

What is required from NDIA and DHS is an acceptance that Government cannot (and should not need to) provide all the necessary ICT infrastructure to facilitate these channels. Following from this, it is critical that agencies show the willingness to engage positively, frequently, practically and openly with the private sector, and that they consider the needs of financial intermediaries in ICT system architecture and feature development.

To date the Scheme and its ICT provider the Department of Human Services (DHS) have shown little commitment to this principle. Rather, there appears to be a philosophy that Government should and will 'build to the kerb' as the monopoly provider of NDIS ICT systems (as is the case for example with Centrelink). Dialogue with Agencies is ad-hoc and achieving ICT system changes to support financial intermediaries is essentially impossible without Ministerial or other executive intervention. When this monopoly Government-provided ICT then turns out to be deficient (as it has in the NDIS) users are left with no alternatives. Dissatisfaction grows, more public funding is invested, and the cycle recurs.

Accordingly, this submission focuses on:

1. The policy case for considering financial intermediaries and private sector technology platforms within the context of NDIS ICT System design, and
2. Some practical recommendations for mechanisms through which this might occur

About LanternPay

Developed by leading Australian Fintech InLoop (recently recognised in the 2018 AFR awards as one of Australia's most innovative companies), LanternPay is a cloud-based three-party claim payments platform designed for use in Consumer Directed Care schemes.

LanternPay standardises claim and payment across multiple Government and Insurance programs; offering a consistent payment experience to all service providers and enabling a growing ecosystem of provider connections and consumer apps and services. The benefits to each party using LanternPay are shown in Figure 1.

LanternPay is a three-party claim payments platform with strong propositions to all users

Clients / Participants

- See my coverage and transact seamlessly
- Focus on my care and not my invoices

Providers

- Real-time authorisation
- Paperless overnight settlement and cash flow control
- Multi scheme invoicing with no hardware or lock-in

Insurance Schemes

- Deliver true choice and control to clients
- Transform service provider experience
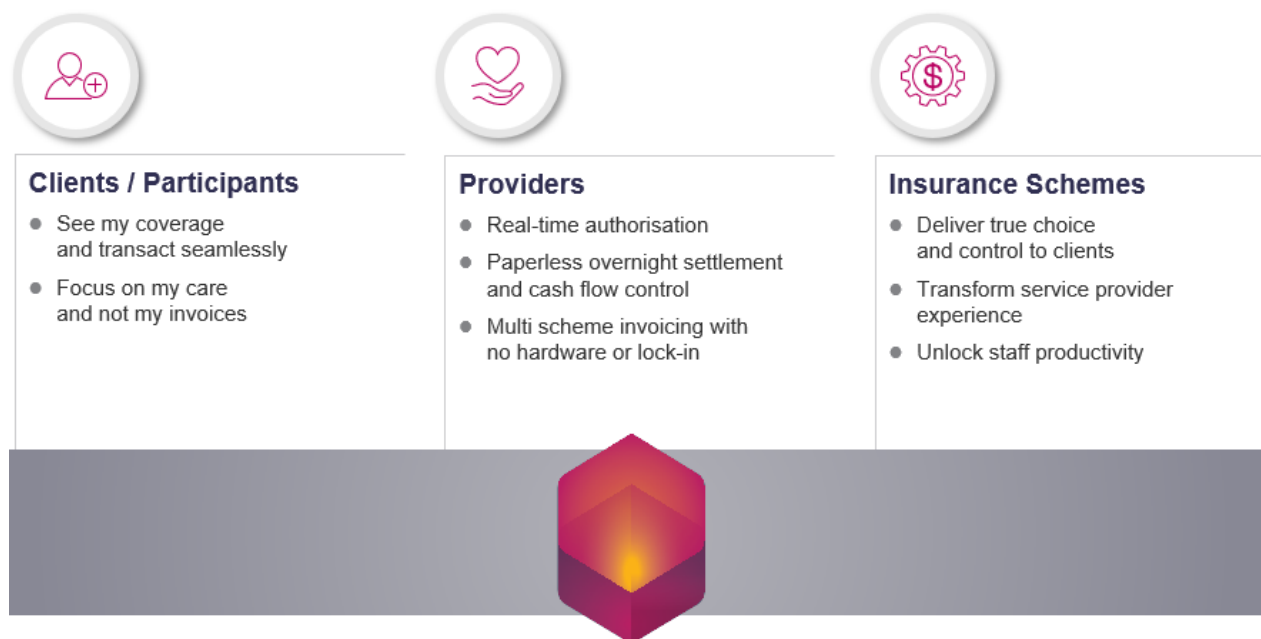- Unlock staff productivity

Figure 1: What is LanternPay?

LanternPay is live for claiming in multiple schemes, including the NDIS and State Government third-party insurance programs. Thousands of service providers (ranging from lawnmowers through physiotherapists, general practitioners and speech pathologists to vocational training organisations and more) are actively claiming through the platform; with more joining every day.

LanternPay delivers these providers true multi-scheme reachability, real-time transaction authorisation, overnight cash flow and paperless remittance – all in an easy-to-use digital environment on their device of choice.

By design, LanternPay is creating and connecting the market for health, disability and aged care claiming. Embedded within the platform are a full suite of Application Programming Interfaces (APIs) which allow both 'upstream' connections to funding schemes (such as NDIS) and 'downstream' connections to an ever-expanding universe of service providers, technology vendors, apps and marketplaces. Additional API's within the LanternPay platform allow schemes to create bespoke digital experiences to meet the specific needs of their Participants.

"The interface between the NDIS and other disability and mainstream services is critical for participant outcomes and the financial sustainability of the scheme."

Productivity Commission Report to National Disability Insurance Scheme (Costs), October

A note on nomenclature

There are a wide variety of terms used in the NDIS to describe the way in which Participants manage their plans. For the purposes of this submission, we make a distinction between 'Agency-Managed' and 'Self-Directed' Participants. The latter category divides further into 'Plan Managed' and 'Self-Managed' Participants. As a Financial Intermediary Technology Platform, LanternPay currently powers Plan Managers within the NDIS, and accordingly this segment is the focus of most of the commentary that follows. This said, most of the discussion applies equally to the Self-Management segment of Participants.

'Mainstreaming' the NDIS

Consistent commentary over several years has identified the critical importance of connecting NDIS Participants to the mainstream economy and the widest possible range of Service Providers.

Meeting the needs of Participants and giving them a fighting chance to achieve their NDIS goals requires access to a full spectrum of support providers, going well beyond traditional disability organisations, to home maintenance contractors, community pharmacists, educational institutions and more. Achieving this outcome is vital for several reasons:

● It will give full effect to the Scheme's design principle of Participant 'choice and control'
● It will promote market competition and keep downward pressure on prices, and
● It will support accessibility and localisation of services.

This outcome can be enabled through a combination of policy interventions and technological connections. Whilst the scope of this Inquiry is limited to ICT systems, a brief mention of the policy context is appropriate at this point.

Plan- and Self-Management

As is widely understood, there are three different funding models available to an NDIS Participant – Agency Managed, Plan Managed, and Self-Managed (as noted above, the latter two categories can be grouped together under the heading of 'Self Direction'). At present, all participants (and their support networks of carers and providers) are required to interact with the Scheme through the NDIS Portal in a more or less identical way, regardless of the funding model they have selected.

Notwithstanding the rapid growth of the Self-Direction models (see Figure 2), it is LanternPay's experience that the myPlace Portal is designed and built '*by Government, for Government*' with its primary focus being the support of Agency-Managed Participants and NDIS-registered Providers. Consequently, whilst the Portal has a level of - albeit questionable - usability for these groups (a topic which we leave to other submissions to examine in depth), it is entirely deficient for the purposes of Self-Directing Participants. Some specific examples of IT-related problems and limitations are set out in Annex A to this submission.
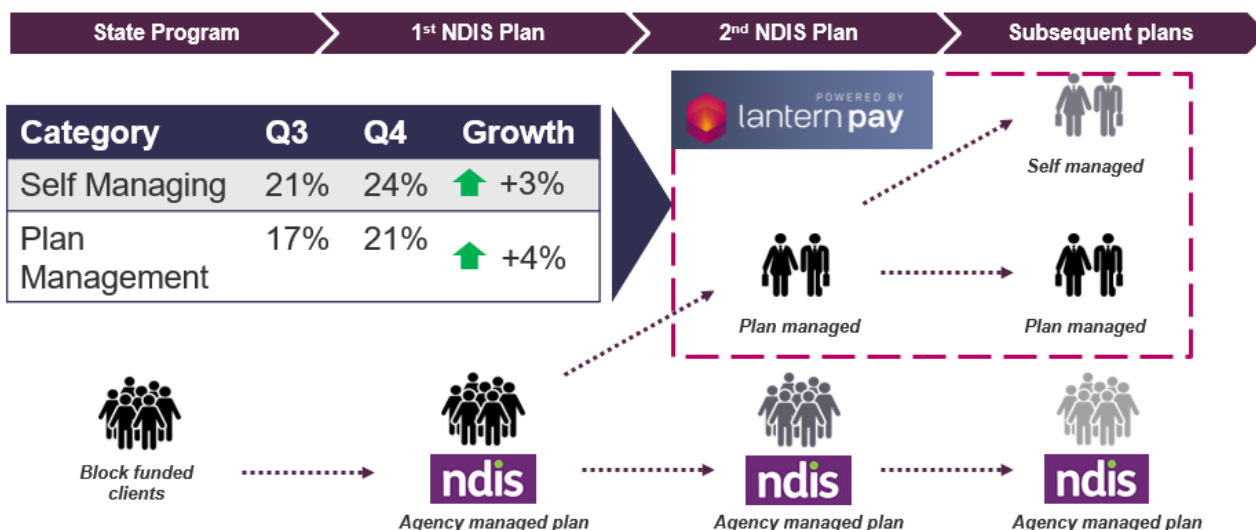
Source: NDIS Quarterly Report, Q4 FY18

Figure 2: Growth in Plan- and Self-management

Why this matters to Government, and the role that NDIS ICT Systems play

This situation is a problem, as the continued growth of the Self-Directed models requires both the mainstreaming of the scheme as outlined earlier and the emergence of a vibrant intermediary sector to assist Participants to reach and interact with these new providers. Neither of these two elements are in place at present:

Evidence indicates that self-direction and self-management create new markets of participants seeking value for money and an ordinary life.

In the main, these participants are less interested in traditional specialist disability services and want their reasonable and necessary support to pursue an ordinary life included in the community.

Some participants use a range of new intermediaries to assist them to take control and others undertake all the work themselves (NDIS self-management).

NDIS Independent Advisory Council
Productivity Council Submission
March 2017

"I think one of the reasons that there has been low uptake of self-direction] is that people do not want to take on the administrative burden of managing their own funding. There are schemes around Australia where there is an intermediary organisation that manages that administrative burden for individuals. I think that is what most individuals would want. That is something we can learn from."

Dr Ken Baker,
Member of NDIA Independent Advisory Council,
5 June 2015

" Intermediary services, which can help participants manage their plans, can also reduce transaction costs and the complexity of the scheme for participants. More should be done to encourage the use of intermediaries, particularly to unlock the benefits of self-management."

Productivity Commission Report to National Disability Insurance Scheme (Costs), October 2017

Self-Direction

As the NDIS matures and the rollout intensifies, the percentage of Self-Directing participants is expected to continue to grow. Participants moving through the NDIS are finding several catalysts for making this change:

- The need for mainstream services like allied health, employment and transport to achieve goals and deliver outcomes beyond basic daily living.
- A growing awareness of non-agency managed funding options; benefits thereof and confidence to exercise greater choice and control.

Whilst full Self-Management may be the ultimate aspiration for some, a combination of complex rules, technology limitations and time shortages mean that many Participants will elect to engage a Plan Manager to assist them in meeting the compliance and administrative requirements imposed by the NDIA. LanternPay is currently supporting a number of these Plan Management businesses through the delivery of our modern cloud-based and affordable technology platform.

However, despite the market growth and positive trends there remain operational challenges that have hindered the development of a vibrant plan management sector and prevented those already operating from scaling and building sustainable businesses:

- Manual client management processes, resulting in slow onboarding and variable client experiences.
- Manual administrative processes (funds management / claiming / payments / reconciliations / reporting) which must be completed through the NDIS Portal but are time intensive and prone to errors.

These issues are created in large part by the fact that the NDIS ICT systems are simply not set up to facilitate Plan Management models. The net effect is that Plan Managers have struggled to scale and build sustainable businesses. Unless these entities can achieve an adequate return on their invested capital, the further growth of this part of the NDIS market is at substantial risk.

LanternPay has a suite of technical solutions that is supporting the growth of this intermediary sector, in both the NDIS and other consumer-directed schemes.

A note on Platforms versus Portals

Many insurance schemes use portals for consumers and providers to manage transparency of their funding and payment of their claims. Portals force everyone through a dedicated app, website or digital channel. The scheme has full control of the experience and can design it to suit its needs and preferred experiences, but they lose the flexibility consumers and providers need.

At LanternPay we see that an open multi-scheme platform is a better way to deliver choice and control in health and disability care*. A multi-scheme platform like LanternPay offers simplicity that reduces costs for all participants and allows integration with the wider ecosystem of health and care solutions. A platform approach also means providers and consumers can interact in the ways that best suit them now and into the future. LanternPay does not dictate a single channel and seeks to integrate with a range of customer and provider solutions. This way the choice extends to where each party prefers to transact and enables that to evolve naturally over time. For example, there is a rich and vibrant market of consumer search and service booking applications. A scheme could commission its own version to compete and gain a share of the market or it could leverage an existing platform to deliver an experience to its customers wherever they are. This issue is particularly relevant to discussion on the NDIS -e-market.*

Provider reach

At present, despite the expenditure of hundreds of millions of dollars on NDIS ICT Systems (principally the myPlace portal) only a vanishingly small proportion of Australian businesses are prepared to provide services to Scheme Participants. Specifically, the most recent figures published by the NDIS indicate that there are a total of 16,755 Service Providers registered within the Scheme. That is, less than 0.76% of Australia's more than 2.2 million businesses are ready to support NDIS Participants.[1] Worse yet, only a subset of these providers that are registered will be actively delivering support for NDIS Participants.

A further dimension to the problem is that the different categories of funding support available to Participants (Agency-, Self- and Plan Management, each with their own rules and processes) means that one NDIS essentially looks like three different Schemes to external providers. This makes it even less likely that mainstream businesses will be willing or able to navigate this complexity to participate in service provision.

It is LanternPay's vision that any of these millions of Australian businesses should easily be able to support participants. However, interviews conducted by LanternPay have revealed that for most businesses (especially small to medium enterprises), the NDIS is simply too small a part of their daily work to make it worthwhile developing and maintaining the stand-alone portal access, separate registrations, trained staff and specialised policies required to operate within the NDIS. Whilst specialist disability support businesses may be prepared to invest time and resources in maintaining these links, most others will not. Unfortunately, these are precisely the sort of businesses that would be most valuable in creating mainstream access for NDIS Participants.

Put simply, average Australian businesses are unlikely to spend time and effort maintaining NDIS registration and Portal access in order to be able to serve a niche that will only ever form a very small percentage of their daily client load. T

Connecting the market

LanternPay is highly focused on delivering outcomes in both these critical areas. Our technology is enabling plan management organisations to deliver services to Participants in a scalable and cost-effective manner. Separately, and simultaneously, the ever-growing universe of providers already using LanternPay is creating mainstream access to the scheme for these Plan Managed clients.

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[1] Source: NDIS Q4 Report, 2018, ABS Data series 8165.0 'Count of Australian Businesses'

By contrast, over the last several years, NDIA and DHS commentary has consistently focused on the creation of a so-called 'e-market' as a solution to the above issues. Whilst the definition of this e-market has always been unclear, the term is understood to refer to a Government owned, operated or commissioned NDIS-specific service locator, booking or payments tool. Whether and how this would interact with the existing MyPlace portal is unknown.

Leaving aside the significant cost and technical risk to Government of trying to build such a solution, implicit in this strategy is that mainstream service providers will be prepared to register and operate within a scheme-specific IT system environment. As outlined above, we submit that this outcome is entirely unlikely.

However, with no investment of any public funds and minimal assistance from Government, LanternPay is essentially already building the NDIS e-market. Specifically, LanternPay's platform includes:

- A large and growing universe of thousands of mainstream service providers,
- A suite of open Application Programming Interfaces (APIs), allowing connection by a wide range of third party search/book/rate services, apps and provider software applications,
- Multi-scheme connectivity to amortise cost and minimise technical risk

Better engagement and collaboration

To fully harness the opportunity this presents, we submit that NDIA and DHS should focus at least as strongly on outreach and partnership with non-Government 'scheme ecosystem' partners as they do focusing on internal portal builds and enhancements. Connection of NDIS ICT systems to existing markets and platforms offers significant leverage of resources, improved reach, speed-to-market, future proofing, customer experience, innovation and the potential to facilitate the necessary growth in non-Agency managed participant numbers.

Over the last several years of our operation in the NDIS, LanternPay has encountered a number of skilled and passionate individuals who understand the wider market role that platforms such as ours can play. Unfortunately, this has never been backed by an institutional-level commitment to ensure that intermediaries are engaged and considered in ICT design decisions. Essentially, NDIS ICT is a 'black box' – the system is built, owned and operated by Government, for Government. Whilst we note that collaboration of this sort is entirely in accord with the Government's priorities as expressed in a range of innovation policies including 'Backing Australian FinTech'[2], in LanternPay's several years of practical experience with the Scheme, lobbying for and achieving even small change to systems to facilitate external connections has proved a herculean task. This is despite the fact that the technical work required to facilitate such connections will in many cases be quite simple. That is, the problem is one of focus and philosophy, not one of technical complexity.

Accordingly, the recommendations that follow focus on clarifying the Scheme's **intent** to collaborate and identifying some potential **structures** through which this collaboration could be delivered.

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[2] http://fintech.treasury.gov.au/

Specific Recommendations

1. The appropriate Minister or NDIS Executive should make a public statement as to the importance Government attaches to facilitating private sector technology innovation within the NDIS.

2. Pursuant to this statement, a suitable Government coordinating body such as the Digital Transformation Agency should sponsor the creation of a technical 'NDIS collaboration forum' involving NDIA, DHS, DSS and representatives from the private sector. Several suitable models and venues exist for such a forum, including Defence's Rapid Prototyping, Development and Evaluation (RPDE) body and the DTA's new 'co-Lab' space in Surry Hills.

3. Any such forum must have a practical focus. It should be staffed by technical architects and developers with the authority and ability to actually define, prioritise and deliver change to NDIS ICT systems. That is, the forum should not be yet another consultation vehicle – it must be focused on real-world outcomes.

4. NDIA and DHS be required to report to this Committee at an appropriate frequency on the progress of these initiatives.

LanternPay thanks the Committee for the opportunity to provide this submission and looks forward to the opportunity to discuss the issues raised within it.

Annex A: Example Problems identified through LanternPay's NDIS operations

The below issues are derived from LanternPay's direct experience working with providers and Participants in the NDIS. They are a mix of problems encountered within both modes of Self-Direction (Plan- and Self-Management). Whilst unavoidably expressed in technical language, they are symptomatic of the wider problems identified above. LanternPay software engineers consider that all should be simple to fix – what is holding these back is not their innate technical detail but rather a lack of engagement with external platforms and intermediaries. With a level of direct dialogue and prioritisation, all these problems should be eminently solvable, leading to a significant uplift in the ability of these partners to serve the scheme.