

Senate Community Affairs Committee
ANSWERS TO ESTIMATES QUESTIONS ON NOTICE
SOCIAL SERVICES PORTFOLIO
2016 – 2017 Supplementary Budget Estimates Hearings

Outcome: National Disability Insurance Agency

Question No: NDIA SQ16-000054

Topic: Pricing

Hansard Page: Written

Senator Brown, asked:

How was the pricing structure determined? What is the review process for the pricing structure?

Answer:

In order to deliver sustainable value for National Disability Insurance Scheme (NDIS) participants and to ensure sustainability of the NDIS during transition, the National Disability Insurance Agency (the Agency) sets prices for some supports and services at levels that reflect the efficient costs of service delivery. Over time, the Agency will seek evidence of sufficient competition and consumer power to allow for lighter price controls.

The Agency's approach to pricing varies according to the evidence available for each service group about the efficient costs of service delivery. Table 1 below is a high level summary of the Agency's approach to pricing for major support categories. Extensive consultation has occurred to ensure prices reflect emerging service delivery models and costs.

Price limits have been set for some supports and services since the commencement of the NDIS in four trial sites in July 2013. The initial pricing for all NDIS trial sites was based on pricing being paid by local purchasers of those same services. For example, in New South Wales (NSW) the rates were based on Lifetime Care, and in Victoria, on the Transport Accident Commission.

In April 2014, the NDIA and National Disability Services (NDS), a national peak body for disability support providers, formed a joint working party to determine a methodology for the 'efficient' market price for high volume supports, such as personal/attendant care. This review produced the 'Reasonable Cost Model', which remains the basis for price limits for these supports.

The NDIA has an ongoing review programme for NDIS prices to consider:

- whether price controls are warranted for specific groups of supports and services; and if so;
- which pricing arrangements (that is, price levels and structures, rules, and funding) are appropriate, taking into account other measures that the Agency can take to improve market performance (such as encouraging competition by removing barriers to entry).

From 2017, the Agency will implement a benchmarking function that, over time, will develop a more robust evidence base to underpin decisions such as pricing.

The Agency will update prices in consultation with the sector, on at least an annual basis, effective 1 July each year, taking account of market trends, changes in wage rates and other costs. The review to set prices for 2017-18 is currently underway.

Table 1 – Breakdown of NDIS price structures

Service Category	Pricing Unit	Price categories	Methodology	Unit price cap?
Personal / attendant care supports	Per hour	<ul style="list-style-type: none"> • Allowance for high intensity needs • Weekday/ evening/ weekend/ holiday rates 	Reasonable cost model	Yes
Therapy and professional services	Per hour	<ul style="list-style-type: none"> • Various by type of therapy/service 	Industry benchmarks ¹ (Compensable)	Yes Except for multi-disciplinary teams
Group community, social and recreational activities	Per hour	<ul style="list-style-type: none"> • Allowance for high intensity needs • Weekday/ evening/ weekend rates • Group size ratio 	Reasonable cost model	Yes
Supported Independent Living	Per week	<ul style="list-style-type: none"> • Allowance for higher intensity needs 	Benchmark rates based on compensable schemes	No – but NDIA publishes benchmark prices to set expectations
Participant transport			Department of Human Services (DHS) mobility allowance	No
Employment	Per hour for specific services Per week for ongoing assistance		From Department of Human Services - professional association rates	Yes
Assistive Technology	Range of options depending on AT type		Market rates (informed by trial data & state schemes) Tender sourcing	No - But prices paid might inform participant budget constraints

¹ Special note on Early Childhood Services – in February 2016 the Agency announced a nationally-consistent approach to supporting children with developmental delay or disability. Under this approach, a child and their family will be referred to a specialist early childhood access partner who will discuss their needs and determine the appropriate supports to help them achieve their individual goals.