



**Government
of South Australia**

Minister for Human Services

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Our ref: 18MCOR/0117

Your ref: 7134695

Ms Nat Cook
Member for Hurtle Vale
PO Box 158
WOODCROFT SA 5162

Sent by email: Tristan.rust@parliament.sa.gov.au

Dear Ms Cook

Freedom of information application

I refer to your application under the *Freedom of Information Act 1991* (the Act), received by the Office of the Minister for Human Services on 18 October 2018 seeking access to:

Copies of any and all documents (including but not limited to physical and electronic material) regarding DHS or Ministerial Paper 18TDHS/1097.

Unfortunately, a determination was unable to be made within the 30 days, therefore it is considered to be a 'deemed refusal' under section 19(2)(b) of the Act. However, our office has continued to process your application outside of this timeframe. Section 19(2)(a) of the Act provides that an agency can release documents outside of the thirty-day timeframe, and this is still taken to be a determination under the Act.

Four documents have been identified as falling within the scope of your application and I have determined to release one document in part, two documents in full and one document is refused in full.

Document 2 is a media release that is publicly available, and I have determined to refuse this document in full under section 20S (1)(b) of Schedule 1 of the Act.

Document 4 contains the personal details of third parties', and I consider that the release of this information would be an unreasonable disclosure of information related to the third parties' personal affairs, and have determined it to be exempt pursuant to clause 6(1) of Schedule 1 of the Act.

Please find enclosed a copy of the documents, and a document schedule containing a brief description of the documents.

If you are dissatisfied with my determination, you can seek an internal review by writing to the Minister for Human Services as the Principal Officer of the agency. Your request should be sent within 30 days of your receipt of this letter.

In accordance with the requirements of Premier and Cabinet Circular PC045, details of your FOI application, and the documents to which you are given access, may/will be published on the agency's disclosure log. A copy of PC045 can be found at <http://dpc.sa.gov.au/what-we-do/services-for-government/premier-and-cabinet-circulars>.

If you have any questions in relation to this matter, please contact Amanda Hockings, Office Manager, on telephone 8463 3388 or by email at amanda.hockings2@sa.gov.au. If you are dissatisfied with the outcome of your FOI application, you have the right to complain to the Ombudsman SA. Please contact the Ombudsman directly on (08) 8226 8699.

Yours sincerely



Amanda Hockings
ACCREDITED FOI OFFICER

9 / 5 / 2019

SCHEDULE OF DOCUMENTS – MCOR/0117

Freedom of information application from the Ms Nat Cook seeking access to Copies of any and all documents (including but not limited to physical and electronic material) regarding DHS or Ministerial Paper 18TDHS/1097.

No	Author	Addressee	Date	Description of document	Determination	Reason
1.	Department of Human Services	Minister for Human Services	10/8/2018	Minister Signed Briefing RE: NDIS Independent Pricing Review – Update on Implementation	Released in Full	
2.				Attachment to Briefing: Minister Tehan Media Release – Update on IPR Implementation	Refused in Full	Exempt – Clause 20S 1(b) – Publicly available
3.				Attachment to Briefing: Letter from NDIA to Providers – IPR 2018-19 – Price Guide Summary	Released in Full	
4.				Attachment to Briefing: Email from the Secretariat to SOWG members	Released in Part	Exempt – Clause 6(1) – Personal Affairs

18TDHS/1097



Government of South Australia
Department of Human Services

TO MINISTER FOR HUMAN SERVICES

RE: NDIS INDEPENDENT PRICING REVIEW – UPDATE ON IMPLEMENTATION

Decision/action required by:...../...../.....

Reason:.....

Recommendation	Response
1. That you note the update on the Independent Pricing Review.	Approved / Not Approved / <u>Noted</u>

Comments:	 Hon Michelle Lensink MLC 10/8 / 2018
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PURPOSE

To update you on the National Disability Insurance Agency's (NDIA) implementation of the recommendations from the Independent Pricing Review (IPR).

KEY POINTS

- On 12 July, the Secretariat provided the Senior Officials Working Group, which reports to the Disability Reform Council, with an update of the progress of the recommendations from the IPR, including the following:
 - On 21 June, the Commonwealth Minister for Social Services, the Hon Dan Tehan announced the details behind the first set of the IPR recommendations to be implemented (attachment 1)
 - The NDIA Chief Executive Officer also wrote to providers outlining the key changes being implemented as of 1 July 2018 (attachment 2).

DISCUSSION

In June 2017, the National Disability Insurance Agency (NDIA) Board commissioned McKinsey & Company to undertake an Independent Price Review of National Disability Insurance Scheme (NDIS) pricing arrangements.

The Review was commissioned recognising the critical importance of enabling a vibrant provider market to deliver quality and timely supports to participants.

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McKinsey & Company conducted extensive consultations with stakeholders including providers, peak bodies, NDIA and state and territory governments.

The Report and NDIA Response were public released on 2 March 2018, including the NDIA's in principle support for all of the Report's 25 recommendations. The recommendations were a result of key issues raised by providers.

- The following key measures were implemented by the NDIA on 1 July 2018:
 - A 2.5% temporary loading on attendant care prices to help providers with their overheads for 12 months through the 2018-19 period and 1.25% for a further 12 months through 2019-20
 - Taking into account growth in wage and overhead costs the price limit for standard intensity, 1:1 attendant care supports increased by 7.6% (this includes the 2.5% temporary support)
 - More flexible group community participation supports with increased price limits, including allowance for capital costs when these supports are delivered in a specialist centre
 - A new option for Short Term Accommodation to allow for a 1:3 support worker to participant ratio
 - More flexible arrangements for provider travel and appointment cancellations
 - The 1 July 2018 price limit changes will be accompanied by automatic updates to participant budgets and service bookings. Other changes, such as for cancellation and travel cannot readily be adjusted, but will be monitored closely
 - The hourly rate for therapy assistants (Level 1) will be increased to align with the rate for a standard level support worker. Therapy assistant level 2 will be considered as part of further work being conducted on therapy.
- The NDIA is working to finalise the next set of recommendations, including therapy price limits and complexity.
- The NDIA will consult with provider groups and experts from the sector in relation to these recommendations before implementation.


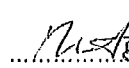

The NDIA expects the outcomes of the work on therapy and complexity to be implemented in late 2018.

A full outline of the progress on the IPR's implementation of the first set of recommendations is at attachment 4.

BUDGET

Are there financial implications

No

Division	NDIS Reform		
Director Strategy and Reform	Joe Young	 signature	23/7/18
Executive Director	Nick Ashley	 signature	23/7/18
Deputy Chief Executive	Lois Boswell	 signature	25/7/18

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ATTACHMENTS

1. Minister Tehan Media Release – Update on IPR Implementation
2. Letter from NDIA to Providers – IPR 2018-19- Price Guide Summary
3. Email from the Secretariat to SOWG members.
4. IPR Recommendations-Explanation re implementation by NDIA.

Contact Officer:	Jo Tilbrook, A/Principal Project Officer (08) 8415 4273 / Jo.Tilbrook@sa.gov.au
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Delivered by the
National Disability
Insurance Agency

Dear Providers

This letter provides an update on the Independent Pricing Review (IPR).

In response to market feedback that, in some areas, price limits set by the NDIA required more detailed consideration, the National Disability Insurance Agency (NDIA) Board engaged McKinsey & Company in June 2017 to undertake an Independent Pricing Review for the National Disability Insurance Scheme (NDIS). As the NDIS is rolled out across Australia, the establishment of the IPR reflected the NDIA's commitment to developing a vibrant provider sector that can provide reasonable and necessary supports to NDIS participants to help them live a better life.

As part of this independent process, McKinsey & Company consulted with over 1000 individuals, held ten open forums, nine webinars, and 45 one-on-one meetings in the second half of 2017.

The IPR was commissioned recognising the important role that price plays as a key driver of value for participants, particularly during transition. In commissioning the review, it was acknowledged that prices paid to providers must be sufficient to create adequate supply to meet the short and longer term needs of participants. To that end, the IPR undertook detailed analysis of provider economics, market development, and Scheme and sector data, resulting in a deeper understanding of the complex environment in which providers operate.

In March 2018, the full IPR and the NDIA Response were published, including in principle endorsement of the report's 25 recommendations. The NDIA response also outlined that additional work was required prior to implementation for some of the more complex recommendations.

The disability sector has welcomed the IPR's message that close attention must be paid to price, and in particular that action was needed to support providers during their transition to the participant centred funding approach that is integral to the NDIS. The NDIA has continued to engage and consult with providers about the impact of the IPR's recommendations, and has committed to communicate with providers and implement the IPR recommendations in a thorough and timely way. Following those initial soundings, the NDIA provided an update to the market in April, 2018 revising those recommendations that would be progressed immediately and those where further work was required.

The NDIA now confirms the specific IPR recommendations that will be implemented for 2018/19 from 1 July 2018. These changes will give providers immediate support to meet the challenges of transitioning to the participant centred NDIS funding approach.

Price limits for most supports will increase. For standard intensity attendant care supports, price limits will include a new 2.5% loading, following the IPR recommendation to give providers temporary support for their overhead costs (TSO). 'Attendant care' refers both to assistance with daily personal activities and assistance with community participation.

The initial IPR recommendation was that this should be put in place for one year. However, the NDIA Board has decided that this TSO measure will remain partially in place (at 1.25%) in 2019/20, rather than be removed after 12 months as originally recommended. While this



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TSO loading is in place, the NDIA will continue to work to deliver initiatives which will reduce provider administrative costs and deliver a better NDIS provider experience. Significant progress has been made, with the NDIA delivering provider portal enhancements, payments process improvements, and continuous development of helpful tools such as the provider finder. The NDIA has clear initiatives for delivery over the coming financial year, which will build on this work, and will also work with providers to help improve their efficiency.

New price limits will also take full account of growth in wage costs under the Social, Community, Home Care and Disability Services Industry Award and the Equal Remuneration Order. The cumulative impact of both is 5.14%. When combined with the TSO of 2.5% for the year, this means that the price limit for standard attendant care supports will increase by 7.6% from 1 July 2018.

Group community participation supports will be converted to a new, consistent structure in the NDIS support catalogue, to give providers and participants more clarity and flexibility. Providers will also benefit from new price limits that recognise per-person costs when delivering group supports, and include an allowance for capital costs when these supports are delivered in a specialist centre.

New, more flexible arrangements for provider travel and appointment cancellations will also be introduced from 1 July 2018.

To ensure that participants are not adversely impacted by this price increase and that they can purchase their reasonable and necessary supports, the 1 July 2018 price limit changes will be accompanied by automatic updates to participant budgets and service bookings. These adjustments will reflect the additional costs that each individual participant will face as a result of the increases in price limits. Other changes, such as for cancellation and travel cannot readily be adjusted, but will be monitored closely for individual participants to ensure they are not adversely affected.

Full details of all price limit changes are being published at the same time as this advice is provided.

As advised in April, some other changes—originally envisaged to be implemented on July 1—will be delayed pending further consultation.

Specifically, this applies to therapy support. Therapy support is crucial for many participants, and providers are responding to the opportunity that the roll-out of the NDIS provides. For instance, while variations in growth rates occur among states and territories, in the year to 30 March 2018, the number of registered providers across Australia offering therapeutic supports more than doubled from 3560 to 7161. Therapy providers are the single largest group of registered providers in all states, other than Western Australia where many are expected to register now that the NDIS is fully national.

However, based on therapy provider feedback since the IPR; the interrelationship of therapy prices with the IPR's recommendations in relation to pricing for complexity; and Western Australia's decision to join the NDIS, the NDIA has asked McKinsey & Company to ensure the appropriateness of its therapy price control recommendations. The NDIA was particularly eager to ensure that initial IPR recommendations captured differences among states, including those with a substantial number of participants in remote areas, along with differentiation by therapy types. For this reason, adjustments to therapy prices will only be implemented after this work is complete and fully considered.



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This approach reflects the NDIA's commitment to working collaboratively with the sector to deliver a strong, vibrant and innovative market for quality disability supports.

Following implementation of the first set of IPR recommendations, the NDIA will move immediately to finalise the next set of recommendations, including therapy price limits and complexity. Consultation with provider groups and experts from the sector in relation to these recommendations will occur before implementation. We expect the outcomes of the important work on therapy and complexity to be implemented in late 2018.

You can find more information relating to the implementation of IPR recommendations on the NDIS website: <https://www.ndis.gov.au/providers/independent-pricing-review.html>.

Regards

Robert De Luca
Chief Executive Officer
National Disability Insurance Agency

IPR Implementation

The NDIA confirms that the Independent Pricing Review (IPR) recommendations that will be implemented for 2018/19, taking effect on 1 July 2018 are as follows:

- 4 - Regional Travel
- 9 – High intensity loading for centre-based activities
- 10 - Short Term Accommodation
- 14 - Temporary Support for Overheads (TSO)
- 15 - Cancellation policy for core supports
- 16 - Group supports
- 18 - Therapy Assistants (phase one)
- 19 - Therapy travel (phase one)
- 20 – Cancellation policy for therapy
- 21 – Reports requested by the NDIA

Full details of these changes are available in the link to the 2018-19 NDIS Price Guide. Key changes, to take effect on 1 July 2018, include the following:

- A TSO loading of 2.5 per cent will be applied to all standard intensity attendant care price limits in the 2018-19 Price Guide.
 - This measure will provide temporary financial relief for providers as they transition to the NDIS funding approach of individualised participant packages.
 - Half of this loading (1.25%) will remain in place during 2019-20.
 - The loading will be removed in 2020-21, as an adjustment to the annual price review.
 - While the TSO loading is in place, the NDIA will continue to work on pathway initiatives that will provide ongoing cost reductions and an improved and easier experience for disability support providers.. Initiatives already underway or completed include improvements to the provider portal, provider payments systems, and helpful tools such as the provider finder.

Standard needs attendant care price limit per hour	Without TSO	TSO for 12 months	Decision - extended TSO
2017/18	\$44.72	\$44.72	\$44.72
2018/19	\$47.02	\$48.14	\$48.14
2019/20*	\$49.44	\$49.44	\$50.02

*The 2019/20 figures are projections only, assuming a 3.5% growth in Modern Award wage levels on 1 July 2019.

- As in previous years, price limit increases for attendant care take full account of growth in wages under the *Social, Community, Home Care and Disability Services Industry (SCHADS) Award* as well as the Equal Remuneration Order (ERO) by Fair Work Australia. This results in the following adjustments.

	Component	Cumulative
ERO 1 December 2017	2.27%	
SCHADS wage growth 1 July 2018	3.50%	5.14%*
TSO (applies to standard intensity supports)	2.50%	7.64%

* See Appendix A for further detail.

- Combined with annual 'indexation' adjustments to account for growth in provider costs, this means that price limits will increase in 2018/19 by:
 - 7.64% for standard intensity attendant care supports (including TSO),
 - 5.14% for high intensity attendant care supports (TSO does not apply – see Appendix A), and
 - 2.1% for capacity-building supports, including therapy, based on growth in the national Wage Price Index (these supports are delivered by highly skilled workers, for whom the SCHADS award is not an appropriate reference).
- Based on provider feedback, a new price limit will be added for Short Term Accommodation (STA) to allow for a 1:3 support worker to participant ratio. The new limit will be consistent with existing STA price limits, and will provide more flexibility to providers and participants in making support arrangements.
- Providers will be able to charge 90 per cent of the service booking price for short notice cancellations, up to a maximum of 12 cancellations per year for core supports and 6 hours per year for therapy.
- New price limits will be introduced for both standard and high intensity community-based group supports, to allow for support ratios of 1:4 and 1:5 (i.e. worker:participant ratio).
- A capital allowance will be included in the price limits for centre-based group care.
- Therapy travel recommendations that will benefit providers will also be introduced from 1 July 2018 (i.e. allowing providers to charge up to 45 minutes of travel time in rural areas). More specific travel claiming arrangements for remote areas that were flagged in the IPR (allowing travel costs on a quote basis) will be implemented as soon as possible. In the meantime, travel cost arrangements for remote areas can still be claimed, subject to explicit agreement by the participant in advance.

The implementation schedule for the remaining IPR recommendations remains as outlined in the 24 April update (<https://www.ndis.gov.au/news/ipr-implementation-update.html>).

The NDIA is committed to ensuring that providers are supported as they transition from block funding to the participant-led NDIS, and the eventual creation of a deregulated market for services.

Participant Plans will be adjusted to match the indexation increases in price limits for disability supports, ensuring participants will maintain their purchasing power for reasonable

and necessary supports. The specific impact on each participant's budget will vary, according to the mix of supports that are reasonable and necessary for each individual.

Changes to the group support price limit tiers and cancellation and travel policies will not be adjusted in participant plan budgets. While these changes will have a positive impact on individual participants through increased flexibility, changes to support arrangements between providers and participants will only come into effect through an individual participant's choice, making it difficult to make broader adjustments. The NDIA will monitor cancellation practices, particularly in areas with high risk of cancellations and heavy reliance on provider travel (e.g. participants living in regional areas). The NDIA will consider targeted action if there is a risk to the delivery of reasonable and necessary supports, without the need for a plan review.

The 'Supported Independent Living (SIL) tool', used to determine reasonable and necessary support budgets for participants in shared accommodation arrangements, will be updated before 1 July 2018. The new version, for use in 2018/19, will include specific changes to provide for an 'indexation' adjustment of 5.14% to account for growth in wages. Consistent with the IPR recommendation, the TSO will not apply to SIL calculations. Because the SIL tool will be in use from July 1, there is no requirement for SIL benchmarks, and they will be removed from the NDIS Price Guide.

Nonetheless, existing service bookings between providers and participants for SIL will be updated as appropriate in the following ways:

- The NDIA understands that SIL providers will experience the same wage cost growth on 1 July 2018 as other providers of attendant care supports, but may not have factored this growth into their original quotes. For this reason, the NDIA is taking steps to make sure that any SIL service bookings (and participant budgets) that continue into the 2018/19 financial year are adjusted appropriately.
- In future years, SIL service bookings will not be subject to automatic updates to account for inflation. Instead, the NDIA expects that SIL providers will use the updated SIL tool to anticipate wage growth during the course of their service bookings and factor in indexation as part of their quote.

APPENDIX A

Price limits increase in the NDIS line with the increase in costs that providers face in delivering different supports. For attendant care, most of the cost is driven by wages of support workers, who are employed under the *Social, Community, Home Care and Disability Services Industry* (SCHADS) Award. Their wages increase in line with national minimum wage decisions and the Equal Remuneration Order (ERO). Some other costs that providers face, such as overheads, increase at a different rate, typically in line with general measures of inflation such as CPI. Combining these increases for different costs results in an indexation adjustment to attendant care price limits of 5.14% in 2018-19. The following table explains this calculation in detail.

Components of cost growth			Cost growth	Estimated proportion of costs	Weighted average cost growth
Labour cost	ERO 1 December 2017	2.27%	A. 5.8%	C. 82%	5.14% $A * C + B * D$
	SCHADS wage growth 1 July 2018	3.5%			
Other Cost	CPI	1.9%	B. 1.9%	D. 18%	

Combined with annual 'indexation' adjustments to account for growth in provider costs, this means that price limits will increase in 2018/19 by:

- 7.64% for standard intensity attendant care supports (including TSO),
- 5.14% for high intensity attendant care supports (high intensity supports will be addressed by more specific IPR recommendations, so the IPR recommended that the TSO apply to standard intensity supports only), and
- 2.1% for capacity-building supports, including therapy, based on growth in the national Wage Price Index (these supports are delivered by highly skilled workers, for whom the SCHADS award is not an appropriate reference).

From: [NDIS Governance](#)
To:



Subject: SOWG OOS - NDIA Independent Pricing Review - For Information [SEC=UNCLASSIFIED]
Date: Thursday, 12 July 2018 3:29:08 PM
Attachments: [IPR 201819-Price-Guide-summary.pdf](#)

Good afternoon Senior Officials Working Group

On 21 June 2018, the Hon Dan Tehan, Minister for Social Services announced the details behind the first set of IPR recommendations to be implemented. The CEO also wrote to providers outlining the key changes being implemented as of 1 July 2018 (letter attached).

The implementation of this first set of recommendations reflects the NDIA's commitment to developing a vibrant and sustainable sector, and ensuring that participants experience improved outcomes. These changes will not only give providers immediate support to meet challenges as they transition to the participant-led NDIS—they will also help ensure NDIS participants have access to the supports they need and greater choice and control over their supports.

In brief, the changes will include:

- Price limits increase overall.
- Providers will benefit from new pricing limits that recognise per person costs when delivering group supports, and include an allowance for capital costs when the supports are delivered in a specialist centre.
- Temporary overhead loading introduced to support providers to transition their operations to the participant-led NDIS.
- Ability for providers of core supports and therapy to charge for cancellations.
- New claim limits for provider travel.
- You can find details about the changes that will take place as a result of these recommendations, as well as talking points and question and answers as part of the IPR update on the intranet and website.

Importantly, plan budgets and service bookings will be automatically updated to ensure participants are not adversely affected by price increases and can still purchase supports.

The NDIA is committed to implementing all 25 recommendations, and will be consulting closely with providers on the agreed, additional work required prior to implementing the remainder of the recommendations, including therapy support and complexity.

Further information can be found on the NDIA website.

Kind regards

Senior Officials Working Group Secretariat

Integration and Support Branch

Department of Social Services

E: NDISGovernance@dss.gov.au

DSS acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to elders both past and present.
