



Australian Psychosocial Alliance

A Fresh Approach to NDIS Pricing

November 2024

About the Australian Psychosocial Alliance

The Australian Psychosocial Alliance (APA) includes Flourish Australia, Mind Australia, Neami National, One Door Mental Health, Ruah, Stride Mental Health, Open Minds and Wellways Australia. We are specialist providers of community managed mental health and wellbeing services in Australia, with the majority of us registered as NDIS providers with a particular focus on psychosocial disability.

Members of the APA have extensive experience providing recovery-oriented care and support that focuses on personal goals, participation, and living a meaningful life. We have evidence of what works and combine this with service delivery wisdom to provide recovery-oriented services that support people to manage their symptoms and build their capacity to participate in society and manage their lives. This includes support to sustain a tenancy, build the skills to live independently, find fulfilling work, and build social connections.

The people who access our supports come from diverse communities across Australia, with each of our organisations having a clear commitment to promoting community inclusion and participation. We have experience providing services to at-risk groups, such as LGBTIQ+ individuals, culturally and linguistically diverse communities, and Aboriginal and Torres Strait Islander people, as well as young people. We recognise the value of lived experience and seek to co-design services and approaches wherever possible.



A Fresh Approach to NDIS Pricing: Submission from the Australian Psychosocial Alliance (APA)

1. Introduction

This submission from the Australian Psychosocial Alliance (APA) responds to the questions from the IHACPA workshop guide dated September 2024.

The submission reflects the views of our APA agencies that provide NDIS Supported Independent Living, Support Coordination, Recovery Coaching, and Therapeutic support for participants with a psychosocial disability.

The APA believes a reasonable pricing model is fundamental to ensure the ongoing stewardship of an effective, capable, committed provider market providing quality and ethical NDIS supports. The APA is concerned that the current NDIA pricing approach is seriously threatening our viability as ethical and quality service providers within the NDIS and are concerned about the NDIA's competency as a market steward and ability to ensure that the scheme is appropriate for people with a psychosocial disability.

The APA would welcome IHACPA's independent and thorough approach to reviewing pricing frameworks and for the alignment of pricing and pricing approaches across the broader care and support sector.

Please note that the APA submission does not seek to replicate the detailed information that peak bodies and others have provided to the NDIA and the NDIS Review in response to the inadequacies of the current pricing model but rather emphasises key factors for a pricing approach that supports sustainable services and quality and ethical service provision. These include:

- Considerations that the model does not appropriately address.
- Oversimplifications of assumptions.
- Common issues experienced by psychosocial support providers.

The APA also acknowledges that future pricing work should be informed by the outcomes of the current Quality Supports program pilot initiatives looking at Support Coordination and Supported Independent Living for the delivery of high-quality services to vulnerable participants.

1. What should be the purpose and guiding principles of NDIS pricing?

These suggested guiding principles are not exhaustive but respond to the key issues arising from the current pricing model for the sector.

1.1 Pricing should support service sustainability, quality, and safety.

1.1.1 Costs of registration and commitment to quality

Registered service providers commit to accreditation, reflecting a commitment to developing and implementing practices and policies that support quality and ethical service provision. A strong registered provider market is integral to providing choice and control in the market and ensuring that there are suitable options at scale for people who do not have the capacity, capability, or interest to self-manage their supports; or who are vulnerable and otherwise marginalised¹.

¹ The Disability Royal Commission highlighted how unregulated providers exploit those who do not have the skills to self-manage and do not have the informal supports to assist them.

Larger registered providers can, do and will invest in workforce, service, and sector development but for this to be sustainable it must be matched with appropriate pricing.

For example, within the APA agencies, there are structures to build and develop the lived experience workforce to support NDIS service provision and the broader mental health service system. Similarly, our services are where graduates with certificate, diploma and degree qualifications receive practice experience and development opportunities in safe and supportive environments.

Unregistered and/or sole providers cannot provide these broader benefits, nor do they provide the safeguards to the participant, the workforce, or the community. Differential NDIS pricing is required to reflect and reward the additional costs of providing these additional benefits.

1.1.2 Pricing as a market signal.

The APA wants a pricing framework that clearly signals to the market what outcomes will be rewarded. The current pricing framework rewards cost-cutting and maximising hours delivered with no incentive to invest in quality or a focus on building participant capacity.

For example, the NDIA identifies recovery-orientated practice as fundamental to psychosocial disability support work, including because this supports capacity building and reduced reliance on support services. However, current pricing fails to build in the additional skills, qualifications and organisational infrastructure that is required to deliver this.

This is particularly evident through the example of Support Coordination and Recovery Coaching. Trends across the market show that individual providers are growing whilst large providers are exiting due to an inability to remain financially viable. Larger registered providers are increasingly unable to afford the organisational overheads prioritising quality, safety and workforce capacity building, choosing to opt out than provide a substandard service. This trend starkly contrasts the regulatory policy environment pushing for mandatory registrations and increased quality and safety oversight.

1.1.3 Responding to different support needs requires different pricing.

Not all support needs are the same; hence, not all pricing should be the same.

The intensity and complexity of participants' support needs vary greatly depending on their circumstances. As the intensity and complexity of the support increase, so does the need for the worker's skill set and the supports that the worker needs to have in place to ensure their own and the participant's safety and well-being, including in the area of restrictive practice. Consideration also needs to be given to the different skills required for working with people with different disabilities, such as understanding mental health when working with people with psychosocial disability.

Pricing which does not recognise the costs of high intensity support funding will impact negatively on the most vulnerable services users with the most complex needs. Service providers unable to sustain high needs service delivery will leave service users without essential support either indefinitely (through exiting the market) or forcing a transition to a service provider whose offerings are inadequate. Ultimately, it most likely leads to presentations in hospitals and other clinical settings.

1.2 Pricing must reflect policy and objectives of the Government.

Pricing needs to respond to the specific and broader policy and objectives of the NDIS and NDIS Commission and Government more generally. This include in relation to:

- Participant outcomes and the costs associated with delivering high quality supports that actively reduce dependency on services and build participant capacity.
- Market outcomes through growth in the registered provider market to provide choice of sustainable, ethical, and quality services.
- Workforce outcomes through supporting larger registered providers with the infrastructure to support workforce development, training, and supervision, including the lived experience workforce.

More specifically, NDIA expectations around compliance and registration also need to be factored into the pricing approach. For example, the NDIS 24-hour and five-day reporting requirement of reportable incidents of the NDIS Act requires ongoing and in many cases 24-hour support to operations. This comes at an increased cost, especially around shift loading and allowances. Although the NDIS aggressively applies these rules, there is currently inadequate compensation for the associated cost.

1.3 Providers should be rewarded for the risk that they take in providing services.

Any pricing framework must include a reasonable margin to allow providers to continue to invest in resources that support service development and innovation and that will ultimately benefit the whole system (as also discussed above). In the interest of a strong provider market, providers need to be able to build some equity as a financial safety net.

Rewards are not necessarily pure profits and must be sensible and sustainable.

1.4 Pricing should support workforce stability and discourage wage competition.

Workers in similar roles across different industries are paid different rates. With many worker skills easily transferable across sectors, wage competition depletes our workforce. Wage harmonisation would support better workforce stability.

Additionally, with the NDIS only part of most organisations' business, with services providing a mix of different programs with State and Commonwealth-funded services, wage and pricing harmonisation would deliver productivity benefits.

2. What improvements can be made to NDIS pricing?

NDIS pricing should be undertaken by an independent organisation such as IHACPA and be aligned with pricing and pricing approaches across similar industries. It needs to reflect the real costs of quality and ethical service delivery and the associated organisational infrastructure, and both incentivise and recognise providers who are committed to the growth and development of the broader service system and partnering with Government to implement and progress broader Government policy and objectives.

These following suggestions are not comprehensive but highlight some specific improvements that respond specifically to the practical elements of delivering psychosocial support within the NDIS.

2.1 Timely indexation.

Introduce a timely approach to indexation which recognises known changes to cost of delivery, such as award changes as well as inflation in goods and services. The current (lack of) indexation may serve as a macroeconomic exercise testing of whether the market will accept a price for services but ignores the impact on the market's shape. For example, current growth in the market is from small

and single providers, and not from larger registered providers with their quality and safety structures.

2.2 Flexible pricing mechanism.

Pricing mechanisms should be more flexible to allow for the various operational costs by State or Territory (Jurisdictional Fairness principle), their size, and the provider's registration status.

This flexibility could be achieved by splitting the pricing into modules added to the base price (the typical actual cost for all providers) and then constructing a price for a service most suitable for the provider and participants' circumstances, including registration status and geographical location. It would also allow for:

- Award nuances.
- Jurisdictional differences.

2.4 Award nuances.

The pricing model needs to better reflect the nuances and realities of the relevant awards, and how they are applied in different settings.

For example, under specific circumstances, the annual leave entitlement for residential workers in SCHADS increases to five (5) weeks. As most staff in Supported Independent Living (SIL) environments are residential shift workers they attract this additional cost. However, this additional staffing cost for SIL providers is not currently considered in the pricing framework.

1.3 Jurisdictional differences.

The pricing framework must allow pricing to vary based on realistic operational costs in each jurisdiction and be flexible enough to respond independently, effectively, and timely when there is a change. This is one of the significant shortfalls of the current NDIS cost model.

A good example is the upcoming New South Wales (NSW) Payroll Levy, which will be introduced on 1 July 2025 and will be 1.7% of wages. Increasing all prices in all jurisdictions is unnecessary, but not increasing pricing in NSW decreases service capacity and sustainability across that State.

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