Australian Psychosocial Alliance

Submission to the 2025-2026 NDIS Annual Pricing Review

February 2026

About the Australian Psychosocial Alliance

The Australian Psychosocial Alliance (APA) is Flourish Australia, Mind Australia (incorporating One Door Mental Health and The Haven Foundation), Neami National, Ruah Community Support, Stride Mental Health, Open Minds and Wellways Australia. We are seven of the largest and longest service specialist providers of community managed mental health and wellbeing services in Australia. We provide support to over 110,000 people with mental health challenges and psychosocial disability every year. This includes expert support to around 5,800 NDIS participants with a psychosocial disability. We come together around a shared policy agenda to improve outcomes for people with mental ill-health and psychosocial disability, and a shared understanding of quality service delivery.

Our members deliver Medicare Mental Health Centres, headspace programs, carer connect centres, step-up step-down services (sub-acute, short-term residential care), residential rehabilitation, supported housing, employment, suicide prevention and postvention programs, individual mental health recovery support and NDIS supports. We respond across the spectrum of need and to people in priority populations, such as LGBTIQA+ individuals, culturally and linguistically diverse (CALD) communities, Aboriginal and Torres Strait Islander people, young people and people experiencing or at risk of homelessness.

We combine evidence-based practice with service delivery wisdom to provide recovery-oriented services that support people to build their capacity to participate in society and manage their lives. We focus on personal goals, participation and living a meaningful life. This can include support to sustain a tenancy, build the skills to live independently, find fulfilling work and build social connections.

Our organisations embed lived experience across our governance and service delivery. We employ a specialist cross disciplinary workforce with expertise in mental health and psychosocial disability, and with the technical skills to deliver recovery-focused, trauma-informed and person-centred support.

1. Introduction

The APA welcomes the ongoing review of pricing and outcomes and the NDIA's commitment to well-designed pricing which balances the diversity of service options participants need while ensuring providers can deliver quality support over time.

The APA also acknowledges the Quality Supports program pilot initiatives in Support Coordination and Supported Independent Living for the delivery of high-quality services to vulnerable participants, and that these will provide important information to guide pricing decisions. However, the Three Year Pricing Workplan 2025 - 2028 released in December 2025 does not move quickly enough to address already known market concerns.

It is well known that pricing has been inadequate to cover the costs of quality service delivery, and particularly delivery by not-for-profit providers invested in workforce, service and sector development, and quality improvement. This was noted by the NDIS Review.

Due to slow action to address this, many organisations have already left the NDIS market, reducing participant choice, while others are struggling to remain viable. Our experience as psychosocial support providers, is that the costs of providing specialist psychosocial support is not reflected in pricing, and as a result the specialist psychosocial support market continues to contract to the provision of SIL supports only. You will be aware that Stride recently announced its withdrawal from its provision of support coordination and recovery coaching.

National Disability Services, and others, such as the Ability Round Table and the Alliance 20, have provided, over many years, substantial information about what it costs to deliver NDIS supports and the sustainability of the market. They have continuously identified the importance of the registered market as providers of quality service provision to those with the highest and most complex needs (including as providers of last resort) and highlighted how a combination of inadequate funding and pricing is having adverse outcomes for participants and threatening longstanding provider viability.

In 2024, the Government commissioned IHACPA to look at opportunities to reform NDIS pricing. A final report has not been made public, but a September 2025 summary report notes that the NDIS pricing model is causing big ripples in unintended ways for participants, providers and the disability sector[1]. It confirmed that pricing does not reflect the true costs of delivering services, especially in remote areas or for people with complex disabilities.

The APA is concerned that this consultation is not responding to the wealth of information already held by the NDIA, nor the work commenced by IHACPA. We also note that it does not address or consider views raised in the IHACPA consultation regarding the value of an independent approach to pricing, and pricing consistency across sectors. Once more, a recommendation of the NDIS Review.

As part of our submission to IHACPA we, like others, identified that the NDIA was not sufficiently independent to make pricing decisions, given the NDIA's imperatives for cost savings and budget management, rather than an efficient price that supports quality, safe service delivery.

We continue to support for independent price setting by the IHACPA, consistent with its role in the Health and Aged Care sectors, and pricing which reflects the fully allocated cost of delivering efficient, safe and quality supports to NDIS participants.

This submission focuses on the proposal for differential pricing.

[1] IHACPA; A fresh approach to NDIS pricing: Exploring opportunities for pricing reform. A snapshot of what we've heard. A fresh approach to NDIS pricing - A snapshot of what we've heard Viewed 28/01/26

2. Recommendations

a) That as a matter of priority, the NDIA engage IHACPA to assess and recommend future NDIS pricing.
b) The NDIA undertake economic modelling of the impact of a differential pricing model on participant behaviour and market sustainability.
c) The differential pricing model modelling should be made publicly available and open for comment before any decisions are made.
d) That the NDIA establish clear principles to guide the pricing strategy, informed by the national efficient pricing expertise of IHACPA, which considers the sustainability of a NDIS registered quality provider market across all support categories.
e) That the NDIA provide a temporary 10% payment increase to registered providers to support quality service delivery and market sustainability whilst pricing is independently assessed by IHACPA.

3. Responses to engagement questions

3.1 If the NDIA implements differentiated pricing (different price limits for different circumstances) what should be the primary basis for differentiation?

The APA recognises that there are different cost structures associated with some supports, including to do with support complexity, location and provider type. We support pricing that addresses these issues comprehensively.

We understand that while this consultation is seeking to understand how differentiated pricing may impact purchasing and provider behaviours, it is unclear the extent to which this process will collect satisfactory and properly representative data to evaluate this. We also note with concern the lack of any economic modelling or commitment to economic modelling to guide such a significant policy change.

Additionally, the NDIA needs to first establish clear principles to guide the pricing strategy against which various options can be assessed. For example, as outlined in our submission to IHCAPA we identify that:

- Pricing should be providing clear signals to the market about what outcomes will be rewarded.
- Providers should be compensated for the risk that they manage in providing services, and the mitigation strategies required (e.g. staff training, qualifications and supervision, standards accreditations).
- Pricing should support workforce quality, retention and stability and discourage wage competition.

With regards to **pricing differentiation**, the APA emphasises that pricing must acknowledge:

a) Commitment to quality and contribution to service and workforce development.

Registered service providers commit to accreditation, reflecting a commitment to developing and implementing practices and policies that support quality and ethical service provision.

Many registered providers (particularly in the not for profit sector) also invest in workforce, service, and sector development as part of their commitment to sector sustainability and the availability of safe and quality supports to people with a disability. Many of these activities go beyond and are in addition to the NDIS Practice Standards, and can include quality management systems, work health and safety systems, and information security management systems, amongst others. These independent assurance mechanisms add to the quality and safety of supports available to NDIS participants, and are regularly relied on by government funders for that purpose.

However, for this activity to be sustainable, these commitments must be recognised in the determination of an efficient price. A core part of determining this is a realistic and transparent corporate overhead (with some arguing that this is in the range of 20 – 30%). The *Paying What it Takes Report*[2] provides some insights and guidance.

We note that within the APA agencies, there is a deep commitment to the lived experience workforce, consistent with Australian Government mental health policy. There are structures to build and develop the lived experience workforce to support NDIS service provision and the broader mental health service system, supporting the principles of the UNCRDP and the employment of people with disability.

In addition, our services are often where health and social service students and graduates with certificate, diploma and degree qualifications receive their initial practice experience and development opportunities, in safe and supportive environments. This contribution to growing the workforce (which is severely understaffed currently) should be recognised and adequately supported.

In this context, unregistered and/or sole providers rarely provide these broader benefits for NDIS (and broader health and social support) ecosystem, nor, in our view, do they provide the same safeguards to the participant, the workforce, or the community as registered providers.

A strong registered provider market is integral to providing choice and control for NDIS participants 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 marginalised[3].

b) **Different support needs.**

We agree that not all support needs are the same; and, hence, not all pricing should be the same.

The intensity and complexity of participants' support needs vary greatly depending on their circumstances.

Where there is a need for multiple supports and/or therapies, delivered over long time frames and in natural environments such as home, school and community, workers need a specific and higher skill set to both deliver and coordinate these, while also needing supports to ensure the participant's safety and well-being, including in the area of restrictive practices. Worker safety and wellbeing is also an important consideration.

[2] Social Ventures Australia and the Centre for Social Impact (2022) Paying what it takes: funding indirect cost to create long-term impact. Social Ventures Australia.

[3] 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

Consideration also needs to be given to the different skills, processes and structures required for working with people with different disabilities. For example, in providing supports to people with a psychosocial disability, even basic core supports, pricing needs to reflect:

- The costs of employing staff who have qualifications, skills and/or training in providing recovery-orientated, trauma informed supports, and who understand mental health.
- Investment in relationship development and engagement to be able to deliver a support.
- Investment in developing partnerships with other services and supports the person may be using, to provide integrated, consistent and wrap around support which benefits them.

In addition, pricing must recognise the costs of high intensity support funding for failure to do so will impact negatively on the most vulnerable services users with the most complex needs.

Lack of availability of service providers who can sustain high needs service delivery will leave participants without essential support either indefinitely (through exiting the market) or forcing a transition to a service provider whose offerings are inadequate at best and unsafe at worst. Ultimately, this leads to presentations in hospitals and other clinical settings, lost opportunities to secure positive life outcomes, or adverse outcomes such as death or injury for the service user. The impact on the health and social support ecosystem is immense – but it is avoidable.

c) Award nuances.

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

For example, under specific circumstances, the annual leave entitlement for residential workers in SCHADS Award 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.

We note the current Fair Work Commission review of the SCHADS Award, and the potential for the outcome to significantly impact on pay rates in the near future, pushing up costs.

d) Location, including 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.

We also note the challenge of different jurisdictional Portable Long Service Leave schemes and their impact on provider cashflow. A good example was the New South Wales (NSW) Payroll Levy, introduced on 1 July 2025 and is 1.7% of wages. Increasing all prices in all jurisdictions is unnecessary, but not increasing pricing in NSW decreased service capacity and sustainability across that State.

The loss of providers in rural and regional areas means that any in-person support involves significant time and expense in travel. Telehealth and/or other digital delivery is not appropriate for many people.

There are two aspects of pricing for rural and regional areas. At the individual level there needs to be additional allowance for travel, at the organisational level incentives to establish and support a workforce in more rural and regional areas.

3.2 What is the single biggest risk of differentiated pricing the NDIA must address?

This is a difficult question to answer. The risks arise not from differentiated pricing per se, but the lack of agreed principles of a pricing approach and what it should be achieving, and the use of such principles to guide the pricing strategy. We note that the IHACPA pricing approach starts with such principles and IHACPA has already made progress in developing these.

However, a risk of the differentiated approach (as outlined in the consultation paper) is the development of a complicated market that will be difficult for participants to navigate. It would particularly disadvantage those who do not have, or do not have access to, full information about the types of support and services that would benefit them the most, who have less capability or capacity to make decisions and/or do not access to decision making support. For example, even in the current market it is quite likely that some participants (and/or their carers and supporters) have not had the opportunity to access specialist psychosocial support services, do not know what they are and do not understand or do not perceive that they could or would deliver a different experience or outcome to what they currently receive.

Without understanding of the benefits of one service over another, decisions are more likely to be driven by price. Ultimately, this undermines choice and control in two ways – firstly, because the person does not have full information to exercise real choice, and secondly, because unless supports are purchased from the registered/quality market it will shrink further. It would be a disaster for a differentiated pricing system, designed to respond to the costs of quality care, to undermine the market itself. There is also a danger, that differentiated pricing creates a marketing (and therefore exploitation) opportunity for unethical providers.

To counter these risks consideration would need to be given to:

- Adjusting packages to allow for the purchase of registered (or specialist) services and introducing safeguards around implementation and outcomes.
- Changing NDIS funding mechanism so that registered (or specialist) services are compensated for additional costs (i.e. separate from individualised funding).
- Ensuring that there are appropriate supports in place to assist people to make decisions about how and where they spend their packages. This would require substantial growth and provision of specialist (psychosocial) support coordination and/or development of the psychosocial navigator as recommended in the NDIS review.

We note that the proposed registration of SIL and Support Coordination provides an opportunity for pricing to properly reflect the costs of these services, without needing differential pricing. However, there is a need for a registered market outside these support categories. The APA continues to highlight that there is a significant cohort of people with psychosocial disability who receive SIL like services (including at SIL like funding levels) but because they do not require eight hours of active support a day do not receive a SIL package. This group of people remain vulnerable if there are no registered services available to provide their support. Similarly, many people with a psychosocial disability who require core and other supports may not have access to the specialist support required to achieve positive outcomes.

The APA is also aware that arguably there is already differential pricing based on the complexity and intensity of participant support requirements. There are line items within the pricing guide which are priced at a level which would allow providers to deliver appropriate supports (ie: with qualified and

experienced staff), but these are rarely used or made available by the NDIA, nor are there safeguards for ensuring that a person purchasing such support receives a quality (rather than just a more expensive) service.

It is unclear to what extent that some of the "pricing" issues are also planning issues, reflecting cost saving goals.

3.3 What participant support characteristics require different staffing, supervision or delivery approaches for DSW supports?

See discussion above (3.1). The question assumes that it is possible to identify characteristics which require a more or less costly support. This fails to consider, the person's situation, other supports available, variable or episodic needs, or that people should be able to choose services that are registered over those that are not registered regardless of their needs without financial penalty.

3.4 Compared to delivering similar supports in other sectors (for example, aged care, health or community services), what aspects of the NDIS environment make DSW service delivery more or less complex?

The APA advocates for consistency in pricing and price setting principles and approach with other sectors. Hence, our argument to refer pricing to IHACPA as a matter of priority.

We note that a significant difference, is that most other care settings, the support is generally provided and/or coordinated by one provider and once established adjusts to meet a person's changing needs. The provider's duty of care is clear.

The nature of an NDIS package means that if the NDIA ceases to fund a support component, and/or the support needs of the person changes, it is not clear whose responsibility it is to respond. It becomes particularly difficult if there are multiple providers involved, and if some of those providers do not have the infrastructure to coordinate and work in partnership/in an integrated way with other providers.