Allied Health Professions Australia

Submission to Independent NDIS Review Consultation Paper on the Role of Pricing and Payment Approaches in Improving Participant Outcomes and Scheme Sustainability (May 2023)

July 2023

This submission has been developed in consultation with AHPA's allied health association members.

Allied Health Professions Australia
Level 1, 530 Little Collins Street
Melbourne VIC 3000
www.ahpa.com.au
office@ahpa.com.au

About Allied Health Professions Australia and the allied health sector

Allied Health Professions Australia (AHPA) is the recognised national peak association representing Australia's allied health professions across all disciplines and settings. AHPA's membership collectively represents some 180,000 allied health professionals and AHPA works on behalf of all Australian allied health practitioners.

With over 200,000 allied health professionals, including 14,000 working in rural and remote areas, allied health is Australia's second largest health workforce. Allied health professionals work across a diverse range of settings and sectors, including providing diagnostic and first-contact services, and preventive and maintenance-focused interventions for people with chronic and complex physical and mental illnesses.

Allied health practitioners also support pre- and post-surgical rehabilitation and enable participation and independence for people experiencing temporary or long-term functional limitations. Allied health therefore provides an essential bridge between the medical sector and social support systems such as disability and aged care, where it can represent the key formal health support in a person's life.

Working with a wide range of working groups and experts across the individual allied health professions, AHPA advocates to and supports Australian governments in the development of policies and programs relevant to allied health. In disability care and supports AHPA works closely with its Disability Working Group which is comprised of representatives of our member professions that provide NDIS support services.

Overview

This submission notes that membership of our Disability Working Group is diverse, and AHPA therefore takes a 'broad brush' approach to the themes of the NDIS Review Consultation Paper, while also directing the Review's attention to more detailed submissions from our individual professional associations.

We further note that AHPA will shortly be contributing to an online discussion of therapy supports and the NDIS, convened by the NDIS Review Panel and Secretariat.

The various focus areas proposed by the Consultation Paper are contextualised via a number of claims about current pricing and payment approaches. Accordingly, our comments on proposed focus areas are prefaced by our views on the relevant claims made in the Consultation Paper.

Recommendations

Recommendation 1

The future price setting decision maker for the NDIS should be an independent body that is established separately to the NDIA, with clear terms of reference guided by a comprehensive analysis of the current and projected market, workforce demand and shortages, and other economic factors including inflation/CPI and increases in award wages.

The independent price setting body should:

- undertake a comprehensive market survey to inform accurate and comparable pricing for NDIS services; and

- engage people with knowledge of the types of NDIS services provided, and who understand and can consider the complexity of different types of services, scope of role, and challenges that staff experience on the job.

Recommendation 2

The NDIA should:

- increase the pricing rate for therapy services delivered to remote and regional participants;
- remove caps on the amount of travel that can be billed; and
- make a commensurate increase in plan funds to adequately cover required travel.

Recommendation 3

Fee for service payments for allied health professionals delivering therapy supports should be retained.

Recommendation 4

The NDIA should work with therapy support providers and NDIS participants, and consult with other relevant care and support sectors, to develop information and guidelines about best practice therapy supports that help participants achieve their goals.

Recommendation 5

The NDIS Review should conduct or commission:

- an independent review of the actual costs of delivering therapy supports in the NDIS; and
- a 'like for like' fee comparison, considering the specificities of delivering supports in the NDIS (cost and impact of registration, administration, type of supports, investments needed to provide those supports such as equipment, space, upskilling staff, expertise and experience needed) compared with delivering supports in State Schemes or providing treatment to private patients.

Finding 1. There are opportunities to improve NDIS pricing arrangements over the short- to medium-term

We agree with the Consultation Paper on the following premises:

- Over-reliance on competition leads to service gaps, and competition is not always possible.
- Government cannot manage the NDIS in the same way as private markets.
- Blunt price caps exacerbate workforce retention challenges.
- There are significant opportunities to improve how price caps are set.

However, AHPA disagrees with the Consultation Paper's rationale for changing the approach to NDIS pricing, that price caps are not well aligned across the care and support sector.

Submissions from our members the Australian Physiotherapy Association (APA) and Occupational Therapy Australia (OTA), and previous submissions from AHPA and our members to recent NDIS Pricing Reviews repeatedly emphasise that this claim 'compares apples with oranges'.

Focus areas for further consultation

Ensuring that the setting of price caps is transparent, including greater use of market data and independent price monitoring and/or price setting. This could ensure NDIS price caps better reflect efficient prices, strengthen confidence in the price setting process, and support ongoing investment in the sector.

AHPA strongly supports the adoption of an independent and transparent price setting body and process for the NDIS. We refer to submissions from our members the APA and OTA concerning the severe limitations of the current internal NDIA pricing process.

We further note the considerable risk posed to therapy support service delivery within the Scheme by reduction in the current price for therapy supports – which is effectively the case, given the failure to index therapy support prices for four years running.

Recommendation 1

The future price setting decision maker for the NDIS should be an independent body that is established separately to the NDIA, with clear terms of reference guided by a comprehensive analysis of the current and projected market, workforce demand and shortages, and other economic factors, including inflation/CPI and increases in award wages.

The independent price setting body should:

- undertake a comprehensive market survey to inform accurate and comparable pricing for NDIS services; and
- engage people with knowledge of the types of NDIS services provided, and who understand and can consider the complexity of different types of services, scope of role, and challenges that staff experience on the job.

Further differentiating price caps to reflect the additional costs involved in delivering services to participants with more complex needs and in regional areas. If this can be achieved without creating excessive administrative burden, it could improve supply and access to quality supports for participants.

AHPA supports increasing pricing for therapy services delivered to remote and regional participants, together with removing caps on the amount of travel that can be billed, and a commensurate increase in plan funds to adequately cover required travel.

AHPA acknowledges the Consultation Paper's points about the negative impact of price caps on quality and service provision for participants with complex needs, but our members have varying views on the relationship between 'complex' clients and pricing. We would be particularly concerned if the result of any price differentiation was a lowering of existing caps for therapy supports where those services are not provided to participants with complex needs (see our comment on indexation above).

Recommendation 2

The NDIA should:

- increase the pricing rate for therapy services delivered to remote and regional participants;
- remove caps on the amount of travel that can be billed; and
- make a commensurate increase in plan funds to adequately cover required travel.

Implementing 'preferred provider' panel arrangements – where providers agree to supply supports at an agreed price and on agreed terms – as a possible alternative to price cap arrangements for certain NDIS supports. The NDIA could leverage its 'buying power' to negotiate prices with providers. This could provide a simplified option for participants in accessing supports, without limiting their choice.

On initial consideration, while AHPA supports initiatives to increase participants' access to and choice of supports, it is not clear to us how 'preferred provider panel arrangements' would be consistent with both independent price-setting (see above) and the clinical autonomy of a therapy provider whereby a payer is involved in patient-related clinical decisions.

Further, our member the Australian Association of Psychologists incorporated (AAPi) suggests that at least for some therapists such arrangements may be unlawful.

In order to comment further, we would need confirmation of whether therapy supports would be included in 'preferred provider panel arrangements', and if so, the details of how this would operate.

Finding 2: The fee-for-service payment approach rewards NDIS providers for the volume of supports they deliver, rather than for supporting participants to achieve outcomes

While AHPA supports the goal of achieving best outcomes and value of supports for participants, the focus areas stemming from this finding are mainly based on premises with which we strongly disagree.

The first premise is that existing price caps mean there is no incentive for providers to compete on price or quality, but rather instead there are perverse incentives for providers to maximise the volume and types of supports they deliver, in order to maximise the total payment they receive.

As clinical health professionals, this is not how providers of allied health supports operate. As a parallel, GPs would not be expected to 'compete'. Here a 'one size fits all' approach to pricing policy is inappropriate – therapy supports are different from, for example, disability support equipment – as the Consultation Paper acknowledges (pp20-21). In addition, NDIS data on underutilisation and actualised payments is evidence that far from participants being 'overserviced', they are not receiving the supports that they need and have been approved to receive.

AHPA also draws attention to the lack of any evidence in the Consultation Paper that therapy support providers actually respond to these 'perverse incentives'. For example, is there is no evidence referred to of any therapy support provider behaviour with 'the potential to increase plan costs without a substantial change in participant need nor an improvement in participant outcomes' (p17; see also p18).

In proposing a potentially greater focus on outcomes (see Focus area below), the Paper also relies on a second premise, that outcomes for participants are poor (pp9, 29-31). However, the use of 'outcomes' here is not in the sense of the impact of supports on participant goals, but rather is more about carers' and participants' access to information, difficulties navigating the NDIS bureaucracy, and their concerns about prices.

There is actually nothing in the Consultation Paper to suggest that therapy supports are of poor quality. The issues raised in the Consultation Paper only concern the cost of therapy supports,

which is sometimes (and generally erroneously) referred to as 'price-gouging', with the Consultation Paper's evidence consisting of two quotes from participants, one quote from a carer and one quote from a disability organisation (there are a few more quotes referring to providers in general).

We acknowledge that the Consultation Paper may have used a representative sample of quotes from broader research, but if so, we would like to see it, including information on the questions that were asked. For example, we are aware that sometimes consumers compare prices for a 20-minute private session with the hourly NDIS rate.

As the Consultation Paper acknowledges (p30), there may also be valid reasons why prices are higher for some participants, including costs of registration and administration. These issues are canvassed in more depth by some of our member submissions to this Consultation.

The third implicit premise in Finding 2 and its associated Focus areas is that problems of quality should be addressed by the market – that is, by competition. Again, we strongly dispute this. Quality should be regulated, not be left up to the market.

The Consultation Paper states (p17):

> 'Providers also have little incentive to innovate and consider quality beyond the minimum requirements in the NDIS Quality and Safeguarding Framework, or the standards set through professional and registration bodies – such as, the Australian Health Practitioner Regulation Agency (AHPRA) for therapy providers.'

If the NDIS Quality and Safeguarding Framework sets the bar too low, surely it needs to be raised. With regard to professional and registration standards, many therapy support professions are not regulated by AHPRA, but are self-regulated to an equivalent standard. If, as the Consultation Paper also states, 'the correlation between quality and registration is not clear' (p17), the Review should raise this matter with the NDIS Quality and Safeguards Commission. If the Review wishes to pursue its specific claim that therapy provider standards are insufficient, it should consult with AHPRA, the National Alliance of Self Regulating Health Professions (NASRHP), and those self-regulating allied health professions that are not members of NASRHP.

Focus areas for further consultation

Other payment approaches (such as, outcome, enrolment and blended payments) could be used to better align incentives for providers with the interests of participants and governments and promote the delivery of 'value-based' supports in the NDIS. However, it is important to carefully consider the advantages and disadvantages of different payment approaches to avoid introducing perverse incentives for providers and maintain choice.

As outlined above, AHPA rejects the notion that therapy support providers require incentives to provide high quality services to participants.

Research on developing value-based payments in healthcare also emphasises the complexity and long timeframe required for such a project, and concludes that 'Australia has dabbled with value-based payments, such as pay-for-performance and capitation, without much success'.[1]

[1] Deeble Institute for Health Policy Research Issues Brief, *A roadmap towards scalable value-based payments in Australian healthcare* (6 December 2022), Executive Summary and pp 17-20, 28-30, https://www.mq.edu.au/__data/assets/pdf_file/0004/1247764/deeble-issues-brief-no-49.pdf . For a more detailed outline of relevant research, we refer the NDIS Review to the submission to this Consultation from our member Speech Pathology Australia.

A separate and crucial consideration is whether in comparison, NDIS payments are even suitable for contemplating such an approach.

Certainly with regard to NDIS therapy supports, AHPA regards the delivery of 'value-based' supports as best supported by measurement of outcomes, but not by being linked to outcome-based funding and payments. For similar reasons, we are not minded to support blended or enrolment-based payments.

We note also that diverse forms of allied health professional practice are already evidence-based, and are therefore predisposed to working to develop best practice approaches to outcome measurement and prioritisation of value. Very careful and detailed consideration of possible approaches in the disability sector will then be needed, including of the most appropriate methodology, the most suitable entity to measure and assess outcomes, and implications for service provision.

With these themes in mind, it is essential that any work to measure outcomes with respect to therapy supports incorporates and collaborates with outcome measurement projects already begun in other care and support sectors. Similarly, digital integration and workforce mapping and analysis must be important elements of any outcomes-based NDIS project, in order to ensure interoperability and system-wide data collection capacity, along with provider viability and the availability of a diverse range of supports to participants regardless of their location.

AHPA further refers the Review to the more detailed submissions from our members, including APA, OTA, SPA, AAPi, and the Australian Orthotic Prosthetic Association (AOPA).

Recommendation 3

Fee for service payments for allied health professionals delivering therapy supports should be retained.

Recommendation 4

The NDIA should work with therapy support providers and NDIS participants, and consult with other relevant care and support sectors, to develop information and guidelines about best practice therapy supports that help participants achieve their goals.

Finding 3: A lack of transparency around prices, volume, quality and outcomes is restricting the effectiveness of NDIS service delivery

AHPA agrees that participants can benefit from increased transparency concerning service delivery, with two qualifications. The first is that allied health therapy support providers generally do provide information to clients about fees and the nature of the service, as part of obtaining informed consent.

The second proviso is that increasing transparency does not of itself address the problems of relying on a pure market model to address an imperfect market. For example, transparency does nothing to address continuing vexed issues of workforce shortages and retention.

Focus areas for further consultation

Options to improve transparency in the NDIS market could include strengthening:

• Market monitoring through systematically collecting transaction data supported by near real-time payment systems. This would include collecting more transaction data for the self-managed market.

AHPA supports this in broad principle, as long as there is no increased administrative burden on providers. However, market monitoring will only be useful if it properly collects data on therapy support provision and costs (including the true cost of service delivery, as suggested on p29 of the Paper, and including currently unfunded costs). Current accessible data is poor, and the gross underutilisation of therapy supports also continues to fail to be addressed.

• Requirements for providers to disclose their prices, such as through an online marketplace similar to the My Aged Care website.

We support this as a principle, while noting the submission of our member OTA that there is a risk that this approach may result in participants making choices based on price, above other criteria such as appropriate clinical qualification. It is therefore important that available data clearly compare 'like with like', and we refer the NDIS Review to the submission from our member AOPA for an illustration.

Recommendation 5

The NDIS Review should conduct or commission:

- an independent review of the actual costs of delivering therapy supports in the NDIS; and
- a 'like for like' fee comparison, considering the specificities of delivering supports in the NDIS (cost and impact of registration, administration, type of supports, investments needed to provide those supports such as equipment, space, upskilling staff, expertise and experience needed) compared with delivering supports in State Schemes or providing treatment to private patients.

Measuring and reporting on provider performance – that is, the extent to which they provide quality supports that achieve outcomes for participants. This should be reported in an accessible format for participants, such as a star rating system, which are used across several social services.

Measuring, reporting and enforcement of quality is the job of the NDIS Commission, not the market. Quality should be the bottom line for eligibility to provide services. Therapy supports already have their own accreditation and registration processes to ensure this.

AHPA does not support the use of star ratings to ensure provision of quality supports. Star ratings are not working effectively in aged care,[2] and even if they were, they are only a somewhat indirect accountability measure, as they go toward informing consumer choice rather than mandating quality via the Regulator's functions.

Finding 4: Removing price caps could place pressure on scheme costs. Instead, the focus should be on foundational market reforms that help align incentives for participants, providers and governments

Focus areas for further consultation

Foundational market reforms to align incentives for participants, providers and governments could look at ways to ensure:

• participants have the information and capability to make informed choices on the value and quality of supports, including the help they need to do this

[2] See eg https://www.theguardian.com/australia-news/2022/dec/20/im-very-surprised-aged-care-star-ratings-questioned-as-91-of-homes-deemed-acceptable ; https://www.australianageingagenda.com.au/executive/star-ratings-published-but-validity-questioned/ .

• participants' budgets support them to be active consumers in the NDIS market

AHPA agrees in principle, subject to our comments above. We also refer to the more detailed submissions of our member organisations.

• providers are incentivised to compete on price and quality, and deliver the volume and mix of supports that improve outcomes for participants

AHPA does not support this – see our comments under Finding 2.

• a range of contestable approaches are used in NDIS sub-markets when they would achieve better outcomes

We agree that currently there is an over-reliance on competition as the only market mechanism, and therefore we agree in principle that contestable approaches in NDIS sub-markets could be explored.

• governments have clear roles and responsibilities with a coherent and transparent strategy for stewarding the NDIS market – including the approach for the overall market and for different sub-markets (such as regional and remote markets).

Subject to our above comments regarding independent price setting and the essential role of the regulator, AHPA supports a coherent and transparent strategy that is also fiscally responsible in terms of funds spent on market stewardship.

See also the submissions of our various member organisations.