



**Submission to the Joint Standing Committee  
on the National Disability Insurance Scheme  
Inquiry into Market Readiness**

**MARCH 2018**

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## About Mental Health Australia

Mental Health Australia is the peak, national non-government organisation representing and promoting the interests of the Australian mental health sector and committed to achieving better mental health for all Australians. It was established in 1997 as the first independent peak body in Australia to represent the full spectrum of mental health stakeholders and issues. Mental Health Australia members include national organisations representing consumers, carers, special needs groups, clinical service providers, public and private mental health service providers, researchers and state/territory community mental health peak bodies.

## Introduction

Thank you for the opportunity to provide a submission on the readiness of the psychosocial disability service providers to participate in the new 'market-based' disability sector that has been created as part of the National Disability Insurance Scheme (NDIS).

The transition period is a unique period in the life of the NDIS, with psychosocial disability service providers (service providers) facing unprecedented reforms to government funding of their services and an obligation to assist large numbers of their clients to move into the scheme in a short period of time. The transition to the NDIS is a difficult and complex undertaking that is having a serious detrimental effect on the mental health workforce and some people with serious mental illness.

This submission highlights the challenges faced by service providers as they plan and manage organisational change to re-orient their business practices and service provision to 'fit' the NDIS market. The submission also describes the challenges NDIS participants are encountering in getting the services they need via the NDIS.

Our recommendations to address those challenges are intended to ensure the 'market' offers a wide range of choice of providers of psychosocial services to NDIS participants.

## Market readiness for psychosocial disability service providers

### *Challenges to organisational transition*

Historically providers of psychosocial services have built their business model and shaped their service provision to fit the specific requirements of particular government programmes. With NDIS fee-for-service funding replacing block funded government programmes, providers are having to make adjustments to their business practices and service delivery.

In terms of business practices, providers of psychosocial services now have to innovate within what has been a large and stable system. To properly prepare their business for the NDIS it is common for service providers to at least:

- develop a unique value and service proposition, thoroughly tested with people with lived experience of psychosocial disability, their carers and families



- develop a detailed understanding of current market supply and demand
- re-design their workforce structure to achieve:
  - » feasibility under the NDIS pricing structure
  - » alignment with the newly developed value and service proposition
  - » maintenance of quality and safe services
- develop new organisational infrastructure and protocols, for example, to enable staff to work more remotely and more autonomously
- implement new policies and procedures to ensure quality and safe services can continue to be delivered under the new environment, ( e.g. changing supervision arrangements from one-on-one to group sessions)
- change cultural and management processes within the organisation.

These activities require the engagement of new and additional employees with a different skill set and knowledge base to current employees. Adaptation to the NDIS market is a costly exercise for service providers – in some cases up to 5% of total turnover. Service providers have informed Mental Health Australia that they are currently drawing on limited reserves to undertake this organisational change. Those that do not have reserves will struggle to adequately prepare for ‘the market’ and may not survive.

In terms of service delivery, there is now a complete disconnect between psychosocial services that were provided under the government programmes and the services being provided through the NDIS. The reasons are twofold:

1. NDIS prices for supports are insufficient to sustain the service delivery models of the former government programmes.
2. NDIS plans for participants with psychosocial disability are weighted to (lower priced) core supports (70 per cent) with capacity building supports only making up 30 percent of plans. By contrast, former government programmes focussed largely on individual and family capacity building.

Add to this a hiatus in revenue when clients of service providers exit government programmes and when they finally have an NDIS plan to implement<sup>1</sup>.

The combination of these three factors means the revenue stream for service providers is substantially diminished at the very time they have extra costs to change their business practices, and may undermine the confidence of service providers that they have made the right business decisions.

The financial and operational strain felt by service providers in adapting to the NDIS is intensified by the lack of predictability and certainty of key government policy decisions that continue to affect prospective revenue streams for providers of psychosocial services.

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<sup>1</sup> The hiatus in revenue can be due to:

- Block funding ceasing before all clients have transitioned
- Contract restrictions (in their existing government programs) about which point an organisation is funded until in relation to a person with psychosocial disability. For example, some contracts only require organisations to provide support to the people they work with until an access determination is received. There is then a gap in funding between this point and when the person receives their first plan.
- Extended delays in receiving access and planning decisions.
- Extended delays between when a person receives their plan and initiates their first service agreement.



Support coordination – which has been core business for providers of psychosocial services – is contestable under the NDIS. While there are items in the NDIS Price Guide for support coordination, in some regions NDIS Local Area Coordinators (LACs) have been contracted by the National Disability Insurance Agency (NDIA) to provide the support coordination service for people with psychosocial disability. In other regions, service providers will be able to provide support coordination. This inconsistent approach by the NDIA is not helpful in establishing viable and sustainable local markets, particularly as support coordination are the higher priced items in the Price Guide under which highly skilled staff can deliver appropriate recovery oriented services for people with complex needs. Whereas LACs often lack the specialist skills in psychosocial disability.

Beyond the NDIS, there is the prospect of other funding for psychosocial disability providers. The Commonwealth's 2017-18 Budget Measure for psychosocial support services will be funded via Primary Health Networks. State and Territory government programs will also fund services (for example, the NSW Government 2017-18 Budget measure to expand community living and psychosocial support). It is worth noting though that these programmes are likely to require service providers to deliver services according to specific requirements and are therefore not substitutes for NDIS services.

To date the Commonwealth Government's only work to resource service providers to transition to the NDIS has been to encourage them to support the people they work with to access the NDIS. Valuable projects have been funded by the Australian Government's NDIS Sector Development Fund to inform service providers about how to engage with the NDIS and offer training on marketing and operating on a fee for service basis. While this has been educational, if the NDIS needs a viable market, service providers would benefit from more direct financial assistance to undertake the 'in-house' preparations similar to the way in which all businesses received financial support to transition to the GST.

**Recommendation 1:**

Governments should consider a programme to support the providers of psychosocial services to re-orient their business practices and service delivery models to ensure a viable market that provides choice to NDIS participants.

**Recommendation 2:**

Support coordination for NDIS participants with psychosocial disability should be provided by service providers and not be a support that is contracted by the NDIA to Local Area Coordinators.

*The impact of pricing on the workforce and safety*

Psychosocial disability was added to the NDIS in response to vocal consumer and carer advocacy for its inclusion in the Scheme. While the Productivity Commission gave some consideration to the distinctive needs of this group, the nature of the existing service system was not given the same consideration as for other types of disability. As a result, implementation of the Scheme has focused on physical disability systems, with ad hoc responses to the needs of people with mental illness associated with psychosocial disability.



To date, there has been no transparency over the NDIA's efforts to properly price NDIS services. Mental health stakeholders have repeatedly called attention to the inefficiency and ineffectiveness of pricing arrangements for psychosocial support services, with no apparent impact on the NDIA's decisions in setting prices or determining support items. Consequently, the sector has little confidence at present that the NDIA has the necessary expertise to establish a pricing regime that will serve the NDIS and its participants into the future, let alone have responsibility for market stewardship.

More specifically, providers of psychosocial services have had no involvement in the process to set NDIS prices for their services. Instead, the NDIA has imposed a complex and activity-driven pricing regime, developed for the broader disability sector, on the community mental health sector, which has different service models, skillsets and cost drivers. Providers have had to accommodate prices set through the Reasonable Cost Model (developed jointly by the NDIA and National Disability Services, with the involvement of no other party), which is itself a cause of contention across the broader disability sector.

As a result, many participants with psychosocial disability are either receiving services they do not want, or not receiving services they want or would benefit from. This raises serious questions of both inefficiency and ineffectiveness. It also raises a question about whether people with psychosocial disability are able to exercise genuine choice and control, a fundamental principle underpinning the Scheme.

From the provider perspective, the impact that NDIS pricing has had on the psychosocial disability market described above has forced service providers to make a difficult choice between:

- a. deskillling and casualising their workforce to ensure financial sustainability and in the process potentially risking the wellbeing of staff and participants; or
- b. maintaining current staffing skill levels and in doing so risking organisational financial viability.

Broad-scale deskillling and casualisation of the psychosocial disability workforce, and/or the loss of service providers, is not an appropriate outcome for people with psychosocial disability, and only increases the risk of their long term reliance on the scheme. In addition, the current NDIS pricing arrangements do not cover quality assurance activities.

Psychosocial disability providers face restrictions in their capacity to provide appropriate professional supervision, learning and development opportunities or in enabling two workers to attend visits to clients who have a history of violence or live in unsafe living conditions. An inadequate pricing structure can create situations where workers with limited (or no) qualifications, experience or training may be operating without adequate supervision in complex situations. This raises serious health and safety issues for both workers and NDIS participants.

With pricing supports continuing as they are currently structured, providers may also struggle to meet their future obligations under the National Disability Insurance Scheme Amendment (Quality and Safeguards Commission and Other Measures) Bill 2017 and subsequent rules, including the NDIS Practice Standards.

It is clear that NDIS pricing as it currently stands is having a detrimental impact on the psychosocial disability sector. Prices must be adjusted to ensure there is no net loss of service provision capacity and for providers to meet the impending quality and safeguarding requirements.



Mental Health Australia raised these issues and others in the context of the Independent Review of NDIS Pricing being conducted by McKinsey & Company, the report for which was released on 2 March 2018. Mental Health Australia broadly supports the Report's acknowledgement that the NDIA needs to get a better handle on the link between complexity of service delivery and the skills required to effectively deliver services for some people with disability (with specific reference to those with psychosocial disability). However it appears that other recommendations made by the mental health sector in the context of this review have largely been ignored.

For example, Mental Health Australia's submission to the review pointed out that the NDIS is based on insurance principles, but it is especially difficult to see the investment approach realised in plans developed for participants with psychosocial disability. Current arrangements are most likely to keep participants dependent on welfare and disability support, rather than building their capability wherever possible. However, with a combination of a newly designed Price Guide, more flexibly applied, better planning and other strategies, the investment conditions will be in place to support participants with psychosocial disability to maximise their social and economic participation over the medium and long term, despite the impact of living with a mental illness. Such an approach is not only consistent with Scheme principles, it is fiscally responsible and is likely to lead to a downward trajectory in lifetime liabilities.

Key elements of such an approach would include:

- specific funding arrangements for providers to work with people before they become an NDIS participant,
- specific items in the Price Guide for specialised psychosocial support services that are intended to build participant capacity, priced accordingly, and are not solely focussed on connecting or coordinating access to other services, and
- a range of new, pricing arrangements which move beyond hourly pricing and provide greater incentive for providers to focus on participant outcomes.

These elements are outlined in detail in our submission to the Independent Pricing Review, available on the Mental Health Australia website.

**Recommendation 3:**

That the NDIA investigates specific funding arrangements for providers to work with people before they become and NDIS participant.

**Recommendation 4:**

That the NDIS Price Guide is amended to include a specific support item for psychosocial support.

**Recommendation 5:**

That the NDIA considers a range of pricing arrangements which move beyond hourly pricing and provide greater incentive for providers to focus on participant outcomes.

*An Industry Plan*

In light of the myriad of issues outlined above and in particular the impact of NDIS pricing on the psychosocial disability workforce, Mental Health Australia reiterates the call by National Disability Services for governments and the NDIA to “fund and assist the development of an



industry plan, led by the non-government sector”<sup>2</sup>. The plan should be informed by input from people with disability, their families and carers, service providers, peak bodies, professional bodies and governments. The plan should also include actions, timeframes, accountabilities and monitoring arrangements.

The proposed NDIS industry plan should include specific actions relating to development of the psychosocial disability workforce, including actions relating to maximising the use of the peer workforce. The plan will also need to take into account broader mental health workforce strategies, identified in the Fifth National Mental Health and Suicide Prevention Plan. This approach will ensure due consideration is given to flow on effects between sections of the mental health workforce.

The plan should also be mindful of the distortionary effect NDIS pricing structures have already had on psychosocial disability workforce composition in NDIS transition sites. For example, a report by Community Mental Health Australia noted:

“At least two ‘divisions’ seem to have been formed around two potentially distinct areas of work.

The first area of work largely relates to support for individual consumers that provides basic — some services and stakeholders have called it ‘core’, assistance in self-care in the home and the community...

The second area of work appears to be more in keeping with the principles of the National Framework for Recovery-Oriented Mental Health Services ... and provides psychosocial disability support and rehabilitation services to consumers individually or in groups, which is more developmental in nature”<sup>3</sup>

The impact of this division of labour on quality, safety and effectiveness of care should be considered as a part of any NDIS industry plan and broader mental health workforce strategy. In addition, NDIS specific psychosocial disability workforce development should be clearly and transparently monitored through the regular publication of an NDIS National Psychosocial Disability Market Position Statement. This Statement would be similar to the Market Position Statements currently published for each state and territory but expanded to include more granular data including information about psychosocial disability workforce specific FTE numbers and qualification levels.

**Recommendation 6:** The NDIA should fund and assist the development of a whole of NDIS industry-plan led by the non-government sector. The plan should include specific actions relating to development of the psychosocial disability workforce and take account of broader mental health workforce strategies, maximising the use of the peer workforce.

**Recommendation 7:**

The NDIA should regularly publish an NDIS National Psychosocial Disability Market Position Statement incorporating workforce numbers and qualification levels.

<sup>2</sup> National Disability Services, *How the Get the NDIS on Track*, 2017, page 4

<sup>3</sup> Community Mental Health Australia, *Developing the Workforce: Community Managed Mental Health Sector National Disability Insurance Scheme Workforce Development Scoping Paper Project*. 2015, page 4





## Market readiness for people with psychosocial disability

The experience of choice and control can be distinctly different for people with psychosocial disability than for people with other disabilities.

The psychosocial disability itself coupled with the resulting experience and impact of mental health treatment can act as barriers to establishing the skills and confidence needed to navigate the NDIS market. For example, some NDIS participants with psychosocial disability may be subject to guardianship orders, others may have suicidal thoughts or actions. This does not mean that we should not always aspire for choice and control for all people with psychosocial disability. It does mean that in practice choice and control will look different for some people with psychosocial disability than it does for some people with other disabilities.

The mental health sector has long grappled with the complex interaction between a consumer's 'dignity of risk' and a worker's 'duty of care' for that consumer. That is, a consumer's right to make decisions for themselves, even decisions that involve risk, and a worker's duty to make sure consumers are safe. A skilled worker is continually critically reflecting on their practice to ensure it is consumer-led to the greatest extent possible. Skilled workers will also work with consumers to build their capacity over time to accept more complete responsibility for decision making.

This is very different from the choice and control, which appears to be on offer from the NDIS. NDIS participants advise that the NDIS offers a less sophisticated version of choice and control, where participants are assumed to have the skill, confidence and perseverance (despite their disability and the impact of their experience with mental health treatment) to navigate protracted and confusing NDIS processes and make choices about and then navigate an emerging and evolving psychosocial disability market. This is despite clear advice from the mental health sector that the type of support outlined in the above paragraph is required to assist people with psychosocial disability to build their capacity to exercise genuine choice and control, and that this includes support right from pre-access through to plan implementation and review.

To the contrary, in the headlong rush to meet both time and volume commitments outlined in the NDIS bilateral agreements, the NDIA appears to have instead compromised the quality of the access, planning and plan implementation support it provides or funds through its partners.

In acknowledgement of these and other issues, however the NDIA has engaged Mental Health Australia to conduct consultations on the design of an NDIS pathway for people with psychosocial disability. Consultations with NDIS participants, carers and service providers have occurred in Melbourne and Sydney and two more workshops are planned for Perth and Townsville. Mental Health Australia is due to report to the NDIA at the end of April 2018 providing recommendations on the design of a tailored pathway for people with psychosocial disability.



# Mental Health Australia



Mentally healthy people,  
mentally healthy communities

Mental Health Australia is the peak independent, national representative body of the mental health sector in Australia.

Mental Health Australia Ltd  
9-11 Napier Close  
Deakin ACT 2600  
**ABN** 57 600 066 635

**P** 02 6285 3100  
**F** 02 6285 2166  
**E** [info@mhaustralia.org](mailto:info@mhaustralia.org)  
**W** [mhaustralia.org](http://mhaustralia.org)