



June 2020

Short form Issues paper

Inquiry into the NDIS market in Queensland

The provider's experience



© **Queensland Productivity Commission 2020**

The Queensland Productivity Commission supports and encourages the dissemination and exchange of information. However, copyright protects this document.

The Queensland Productivity Commission has no objection to this material being reproduced, made available online or electronically but only if it is recognised as the owner of the copyright and this material remains unaltered.

This report is available online and in Word and PDF format on our website.

WEB qpc.qld.gov.au TEL (07) 3015 5122 email enquiry@qpc.qld.gov.au
ABN 18 872 336 955

Inquiry into the NDIS market in Queensland

The provider's experience

The National Disability Insurance Scheme (NDIS) heralded a major change for the disability services sector—increasing funding available for services and allowing participants to choose their providers, thereby creating the NDIS market.

The Queensland Government has directed the Queensland Productivity Commission (the Commission) to undertake an inquiry into the NDIS market in Queensland.

This short form issues paper is aimed at providers and their workers—those who supply supports to NDIS participants—and identifies key issues on which the Commission is seeking feedback. This is the third of three papers:

- 1** For all stakeholders, including participants and providers—a full issues paper covers a broad range of issues relevant to the inquiry.
- 2** For participants, their carers and families—a short form issues paper seeks participant input on the NDIS market and how well it is operating for them.
- 3** For providers and their workers—a short form issues paper identifies key provider issues on which the Commission is seeking feedback.

You can find more about our inquiry on our website at <https://www.qpc.qld.gov.au/inquiries/ndis/>

Who is the Queensland Productivity Commission?

The Commission is an independent statutory body that provides policy advice on complex economic and regulatory issues.

The Commission has an advisory role and operates independently from the Queensland Government—its views, findings and recommendations are based on its own analysis and judgments.

Further information on the Commission and its functions can be obtained from the Commission's website www.qpc.qld.gov.au

What have we been asked to do?

The inquiry will examine the transition to the NDIS and market development in Queensland, including:

- the efficiency and effectiveness of the NDIS market
- structural, regulatory or other impediments to the efficient operation of the NDIS market and providers entering the market
- factors affecting specific markets or market segments, including in rural and remote areas
- options for improved policies and measures to ensure the NDIS market meets the needs of participants now and in the future.

The full terms of reference are available on our website.

Make a submission

All stakeholders, including service providers, are welcome to make a submission to the inquiry. We need to receive your submission by 5pm on **11 August 2020**. More detail on making a submission is provided at the end of the paper.

This paper poses questions for providers and workers that relate to the terms of reference. You may wish to address these or other issues you consider relevant.

The Commission will not be able to help you to resolve any specific complaints you have with the NDIS—if you do have a problem, we suggest you contact the National Disability Insurance Agency (NDIA) or the NDIS Quality and Safeguards Commission.

Providing services to the NDIS market

Transitioning to the NDIS

The introduction of the NDIS in Queensland was staggered, commencing in the Townsville region from 1 January 2016 and covering all of Queensland by 30 June 2019. In Queensland, the ongoing annual funding for the NDIS was estimated to be \$4.2 billion for just over 91,000 participants by 2019–20.

The most recent Queensland NDIS *Quarterly Performance Dashboard* (for the quarter ended March 2020) shows 67,687 active participants in the scheme, with 6,190 participants entering the scheme in that quarter.

As a provider, how well prepared were you for the introduction of the NDIS? What were the greatest barriers to transitioning to the NDIS? What are the key changes that your organisation has made to operate in the NDIS market?

What barriers remain for the scheme to achieve its potential in Queensland? How can these be addressed?

Supply of services and supports

As at 31 March 2020, there were 4,848 active providers (who have made at least one claim since the scheme began in Queensland) and 2,731 which were active in the last quarter (34 per cent were sole traders and the remainder companies/organisations).

Measures of service coverage at the regional level are consistent (around an average of 7.7 participants per provider), but this is likely to hide variation within a region, in terms of location (remoteness), in some categories of service and for particular cohorts of participants (by age, their disability and level of function).

Subject to NDIA approval, Participants can either partly or fully self-manage the administration of their plan (paying providers directly—31 per cent) or use a plan (41 per cent) or agency (NDIA) manager (28 per cent). Self-management allows participants to use unregistered providers.

What are the most important factors that affect your decision to supply into the NDIS market?

Is market information sufficient to inform your decision-making about services/supports to offer and your service locations?

What developments in the choices by participants—about when, how and who provides supports—have been the most difficult to accommodate or meet? Why?

What differences arise from self-managed plans compared to plan- or agency-managed plans?

Which types of providers or services/supports are in short supply?

What are the key barriers to increasing your capacity to deliver services into the NDIS market in Queensland?

Does the NDIS market reward efficient/effective providers? Are those operators thriving at the expense of less efficient/effective operators?

How does your organisational form (not-for-profit, for-profit, sole trader) influence your delivery strategy (quality, price) and competitiveness in the NDIS market?

Do you provide other services to persons with disability outside of the NDIS? Are there economies of scope—where providing other services gives you a cost advantage in providing NDIS services?

What are the key barriers to entering the NDIS market for those who operate outside of the NDIS, such as in aged care or health services?

What are the key sources of uncertainty for your organisation? How easily are you able to secure capital for investment in your NDIS operations?

Concentration

The NDIS also measures provider concentration using the percentage of NDIS payments in a region that go to the largest 10 suppliers. No Queensland region exceeds the 85 per cent benchmark, but this may not be a useful indicator of market power or scarcity within a more localised market.

Are there any structural, regulatory or other impediments that act as a barrier to entering a local NDIS market?

What are the key barriers to expanding your services to other locations, or to regional and remote areas?

Thin markets

Thin markets are defined as those where there is a gap between the needs of participants and the services available in the NDIS market. These gaps may arise in certain locations, for certain services and for certain cohorts of participants (such as for Aboriginal and Torres Strait Islander people).

Low levels of plan utilisation may indicate the presence of market gaps. In the most recent quarter, plan utilisation in Queensland was 67 per cent. Utilisation is lower in remote and very remote locations (53 and 43 per cent respectively). Utilisation also differs by budget type, with that for capacity building (53 per cent) below that for core and capital budgets (70 and 68 per cent respectively).

Which services and supports have demand greater than supply? What are the key barriers to meeting those demands?

Are there critical services where a lack of availability affects the demand for related services? If so, what are these?

From your perspective, what barriers do participants face in finding providers and utilising their plans?

Regulation issues in the NDIS market

Consumer markets are subject to regulation such as fair trading, contract law, product safety laws, and any relevant occupational regulation. Additional protections may be required in certain circumstances and additional price and quality regulation applies to the NDIS market.

There are two broad categories of provider regulation in the NDIS market—registered and unregistered. All providers must meet the code of conduct and have arrangements for handling complaints.

Registered providers must also comply with any practice standards applying to their services/supports (set by the NDIS Quality and Safeguards Commission) and regulated prices (set by the NDIA with input from an independent Pricing Reference Group).

Are the registered/unregistered provider requirements effective and efficient? If not, why not?

What role do NDIS regulations play in your decision to be a registered or an unregistered provider? What factors influenced your decision to be a sole trader?

What resources are required to comply with NDIS price and quality regulations?

What impact do differences in the requirements for registered and unregistered providers have on your sector of the NDIS and on the level and quality of supports for participants?

What impact does regulation have on innovation?

Regulation of prices

Markets rely on prices—they play an essential role in signalling the cost of a service to a participant, and the return from supplying that service for a provider.

Much of the expenditure in the NDIS scheme is currently subject to price regulation—the Productivity Commission's 2017 report on NDIS costs indicated that at least 84 per cent of participants used regulated supports. The current support catalogue (Version 2.3) specifies 810 separate NDIS items, of which 433 are price controlled and 173 require competing quotes. The NDIA price guide outlines the rationale:

in underdeveloped or non-existent markets, reliance on a deregulated market mechanism may not meet participant demands; may not deliver adequate supply; may not deliver the correct mix of disability supports and may not produce efficient prices. To address these issues, the NDIA has a role, as market steward, to create an efficient and sustainable marketplace through a diverse and competitive range of suppliers who are able to meet the needs of a consumer driven market. (Version 2.3, p. 7)

An additional loading may apply to remote (+40 per cent) and very remote (+50 per cent) locations, and to reflect provider transition (from 1 July 2019 this is +7.5 per cent decreasing by 1.5 percentage points each year).

Is price regulation effectively and efficiently achieving its objectives? If not, why not? Is the framework for setting prices robust, transparent and accountable?

What influence does price regulation have on the supply, types and quality of services/supports you offer?

How does price regulation in the NDIS compare to other non-NDIS 'markets' that you operate in (such as non-NDIS disabled services, aged care or health services)?

Regulation of quality

Quality standards for NDIS providers are set by the NDIS Quality and Safeguards Commission. For registered providers, the NDIS Quality and Safeguards Commission requires mandatory incident management systems and quality assurance requirements that depend on the type of service and risks to participants. The NDIS Quality and Safeguards Commission also provides a complaints service for participants.

Is quality regulation effectively and efficiently achieving its objectives? If not, why not? Is the framework for setting, assessing and enforcing quality standards robust, transparent and accountable?

How do quality standards affect your pricing and cost structure? What elements of quality regulation require the most resources? Are practice standards and compliance methods proportional to the risks they seek to control?

What are the trade-offs between quality regulation and prices/price regulation? How well aligned are price and quality regulation?

How might the quality of provider services, and the management of risks to participants, be better regulated?

How do the regulatory requirements for quality in the NDIS compare to other non-NDIS 'markets' that you operate in (such as aged care or the health sector)?

How does quality regulation affect your ability to provide innovative services?

Behaviour support plans and restrictive practices

Providers who use behaviour support plans or restrictive practices for participants must be registered and meet additional requirements set by the NDIS Quality and Safeguards Commission. The Queensland Government remains responsible for the legislative and policy frameworks authorising regulated restrictive practices in the NDIS.

What arrangements are required to ensure that the interface between the Queensland Government policy framework for restrictive practices and the requirements of the NDIS Commission achieve their purpose and are efficient?

Working in the NDIS market

The expansion in demand for workers arising from the NDIS was identified as a significant issue for the transition—it also coincides with increased demand for similar workers from the aged care and health sectors. State governments have attempted to assist in addressing barriers to expand the supply of workers, such as through their influence on the provision of training.

Compared to other economic sectors, workers in the disability services sector tend to be older, female, part-time and/or casual.

For employees

In what ways has the NDIS changed the nature of your work, your relationship with employers in the sector, participants and their families, and with other roles/workers in the NDIS?

What are the relative advantages/disadvantages of working for a provider or as a sole trader?

What are the relative advantages/disadvantages of working for the NDIS disability sector or the non-NDIS disability, aged care sector or health sector?

For employers

How has the NDIS changed the type of workers you need (such as skills and time/hours arrangements)?

What are the barriers to workforce development? What are the key challenges facing the industry in attracting staff? What developments in the labour market have affected your ability to find and retain the workers you need to support service delivery into the NDIS?

What aspects of Queensland Government assistance have been most successful? How can governments best support workforce development in the sector?

How can I make a submission?

Make a submission online

You can make a submission using our online form on our website at <http://www.qpc.qld.gov.au/inquiries>

You can also attach files to your submission, like a document or an audio or video file.

Email a submission

You can send an email to enquiry@qpc.qld.gov.au

Post a submission

You can send your submission to:

Inquiry into the NDIS market in Queensland

Queensland Productivity Commission

PO Box 12112

George St

Brisbane 4003

Please provide your name and contact information along with your submission.

We need to receive your submission by 5pm on **11 August 2020**.

What should I include in my submission?

A submission can be a document, a short letter or a short video. You can also use the form in the website.

Use the questions in this document to guide you. You should feel free to comment on any matters that are relevant to the inquiry's terms of reference, whether they are raised in this issues paper or not. We ask that you provide supporting information in your submission. Please do not include offensive or defamatory information.

What will happen to my submission?

Submissions will be treated as public documents and published on the Commission's website. If your submission contains genuinely confidential material, please note this on the front page and mark relevant sections as CONFIDENTIAL. Please provide another version that omits these confidential aspects so it can be made available on our website. Contact QPC for more advice if you are concerned.

How can I get help?

If you have any questions, you can contact us by phoning (07) 3015 5122. You can also contact us online at <http://www.qpc.qld.gov.au/contact-us/>

Please also contact us if you would like help making a submission in your own language.