



EXECUTIVE MINUTE
on
JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT
REPORT No. 461
COMMONWEALTH RISK MANAGEMENT INQUIRY BASED ON
AUDITOR-GENERAL'S REPORT 18 (2015–16)

General comments

The Department of Social Services and the Department of Human Services welcome the report of the Joint Committee of Public Accounts and Audit (the Committee) inquiry based on Auditor-General's report 18 (2015–16).

The Department of Social Services and the Department of Human Services also welcome the Committee's acknowledgement that the Auditor-General's report found that the assessment of claims for Disability Support Pension (DSP) is consistent with underpinning legislation, policy and guidance. The recommendations in that report have been fully implemented by the Department of Social Services and the Department of Human Services.

The Committee has taken into account new processes, introduced since the audit, and has concluded there is further scope for administrative and risk management improvements to the DSP program. The Department of Social Services and the Department of Human Services note seven recommendations and agree with one recommendation made by the Committee.

The Department of Social Services and the Department of Human Services have not provided a response against Recommendation 2, because this recommendation was directed to the Office of the Auditor-General.

Responses to individual recommendations provide details of recent improvements to the DSP program. For example, in 2016–17, further improvements have been introduced as part of the Government's continual review of administrative processes to identify opportunities for improvement. Recent changes to DSP claim processing are making it easier and faster for people with disabilities to get the assistance they need. The changes ensure people with a manifest disability get access to DSP faster, and those who are not eligible know sooner. Additional planned changes, such as clearer guidance about medical evidence required to support a DSP claim, will improve communication with DSP claimants and recipients and their treating health professionals.

More generally, the Department of Social Services and the Department of Human Services maintain a strong commitment to continually improving the administration and risk management of the DSP program. Each year, the Department of Human Services assesses approximately 110,000 claims for DSP with one quarter found eligible. DSP policy settings ensure an appropriately targeted payment. Legislation and policy are supported by consultation and effective administrative processes to underpin this vital payment for members of the Australian community who are unable to work full time because of a disability.

A detailed response to each of the Committee's recommendations that are relevant to the Department of Social Services and the Department of Human Services, is at **Attachment A**.

Signed by

Signed by

Kathryn Campbell
Secretary
Department of Social Services

Renée Leon
Secretary
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Recommendation No 1:

The Committee recommends that the Department of Social Services and the Department of Human Services conduct an end-to-end review of the administration of the Disability Support Pension program, involving consultation and engagement with stakeholders.

Summary of response:

The Department of Social Services and the Department of Human Services **note** this recommendation.

Supporting rationale:

The Department of Human Services is committed to ongoing performance evaluation and review of the end-to-end administrative processes used to administer the DSP programme.

The Department of Human Services' strategy for continual improvement involves frequent analysis of performance for early identification of any potential risks or issues for each component of the administration, and an assessment of the effectiveness of each in contributing to an overall efficient process. This includes evaluation of the efficacy of any service delivery innovation and recurring consultation with key stakeholders. Specifically, this end-to-end management includes but is not limited to:

- maintaining a close working relationship with the Department of Social Services to ensure that administrative processes are consistent with legislation and policy
- committing to regular consultation with stakeholders including the Commonwealth Ombudsman and peak bodies such as the National Social Security Rights Network (NSSRN), the Australian Federation of Disability Organisations (AFDO) and the Australian Medical Association (AMA)
- analysing claim and appeal outcomes (both internal review and Administrative Appeal Tribunal) data to identify any trends that may indicate a requirement to adjust administrative process
- consulting with the Department's qualified allied health and medical professionals who provide informed and valuable medical opinion
- auditing correspondence received by the Department to ensure that correct processes have been followed and claimants and recipients are receiving the correct payments for their circumstances; and
- listening to the feedback provided by the public and our staff to reduce red tape for claimants, recipients and their treating health professionals.

The most recent series of formal consultations were held in May and June 2017, when representatives from each Department met with a number of peak bodies including representatives from NSSRN, the AMA and the AFDO. In August 2017, the Department of Human Services also met with the Commonwealth Ombudsman, as part of a series of regular meetings.

Feedback from these entities has been instrumental in forming a number of significant improvements to the DSP new claim assessment and DSP medical eligibility review processes. In August 2017, the Minister for Human Services, the Hon Alan Tudge MP, announced that a pilot of revised administrative processes had been successful in reducing processing times for most claims and reducing the burden on claimants.

These changes were rolled out nationally and the Department of Human Services continues to work on the next series of changes designed to improve communication with claimants and their treating doctors.

Recommendation No 3:

The Committee recommends that the Department of Social Services and Department of Human Services undertake and publicly report the outcomes from an evaluation of the reviews of recipients under 35 years of age and the 2016–17 measure for 90,000 additional reviews, and give particular emphasis to the issues raised in paragraph 2.11.

Summary of response:

The Department of Social Services and the Department of Human Services **note** this recommendation.

Supporting rationale:

The Department of Social Services is responsible for public reporting about the DSP programme in its totality and with reference to overall DSP participant numbers and overall expenditure growth with respect to the relevant payment, including the global outcomes from all reviews of recipients.

The 2014–15 Budget measure to review certain DSP recipients aged under 35 is now complete. Reviews were targeted at DSP recipients aged under 35 who were granted the payment between 2008 and 2011 under what were the less rigorous assessment rules, and who had an assessed work capacity of at least eight hours per week. The Department of Social Services and the Department of Human Services have released information and outcomes from this measure since it commenced, through Senate Estimates processes and stakeholder engagement. For example, the Parliament of Australia website publishes the transcripts and responses to questions taken on notice at Senate Estimates hearings.

As part of the 2016–17 Budget, the Government announced an additional 90,000 reviews of medical eligibility for DSP recipients over three years, starting from July 2016. The Department of Social Services and the Department of Human Services have provided information about the early stages of the implementation of this measure through the Senate Estimates process in 2016–17 and in the Committee’s public hearing on 30 November 2016. Further information was provided in responses to more than 40 Questions on notice, which are available on the Committee’s website. The Department of Social Services will continue to monitor the outcomes of the DSP reviews to ensure they are effective and meet the objectives of the measure, noting that the review process in all payment categories are subject to ongoing modification designed to increase the efficacy based on contemporaneous assessment of each stage of the relevant review process.

Recommendation No 4:

The Committee recommends that the Department of Social Services and Department of Human Services investigate the capture and sharing of data between Federal departmental systems and with state and territory governments to improve the identification and exclusion from review of manifestly eligible and other severely disabled recipients.

Summary of response:

The Department of Social Services **agrees** with this recommendation.

Supporting rationale:

The Department of Social Services notes the Committee's interest in using state and territory information about DSP recipients to exclude some recipients from medical reviews.

The Department of Social Services welcomes the opportunity to explore data sharing options for this purpose while taking into account privacy and social security law provisions.

In order to determine whether this approach is feasible, the Department of Social Services will review the data held by states and territories and the logistics required to link the data.

Any initiatives aimed at expanding the sharing of personal information between states, territories and Commonwealth agencies would require a full assessment of privacy impacts within existing legislation.

Recommendation No 5:

The Committee recommends that the Department of Social Services and Department of Human Services undertake a transparent review, which should include independent expert input and stakeholder engagement, of the changes to the evidentiary process introduced to consider:

- the impact on timeliness and efficacy of decision making in assessing new claims and recipients under review
- the consequences and trends for reviews and appeals
- ways to improve communication.

Summary of response:

The Department of Social Services and the Department of Human Services **note** this recommendation.

Supporting rationale:

The Department of Social Services and the Department of Human Services rely on independent expert input and stakeholder engagement to contribute to the ongoing review of the efficacy of the administration of the DSP program as well as any changes to policy or program administration. The transparent nature of this engagement is evidenced by frequent consultation with key stakeholders, revised communication materials following feedback from a variety of sources, and open approaches to market for services.

Recent examples are the changes introduced in January 2015. The first change reduced red tape for treating health professionals by removing the requirement for them to complete a Treating Doctors Report to support a patient's claim for DSP. Instead, claimants are asked to provide existing medical evidence with their claim, and a checklist to explain the types of evidence required is included in the DSP claim form.

Independent expert input and stakeholder engagement informed the implementation of the changes in January 2015, and continues to provide insight into ongoing improvements.

The checklist was developed with input from the Department of Human Services' Health Professional Advisory Unit, a team of medical professionals employed by the Department to provide medical opinion and advice.

The NSSRN and the AMA were also consulted in the development of the checklist. The checklist continues to be updated based on feedback from these stakeholders, staff, independent Government-contracted Doctors and claimants. The most recent version was released in July 2017 and is available on the Department of Human Services' website.

The second change implemented in January 2015, the introduction of the Disability Medical Assessment, provided additional rigour to the DSP assessment process by introducing an independent medical view. The Department of Human Services conducted an open tender exercise to contract the services of a qualified provider for Disability Medical Assessments and that provider continues to meet their contractual obligations in respect of timeliness and quality of assessments.

The Department of Human Services continues to meet regularly with stakeholders and incorporate their feedback and suggestions. For example, as part of the ongoing review and refinement of procedures, the Department is working with the AMA to develop new information products aimed to help treating doctors identify the most appropriate, existing medical evidence for a patient to use to support a claim for DSP.

As part of the 2016–17 Budget initiative to medically review DSP recipients, the Department of Human Services sought independent expert advice to assist with data analytics and process design. These opinions were also used to inform strategies designed to improve the timeliness and efficacy of procedures and target review activity. For example, independent expert process design feedback contributed to the revised new claim processes implemented in July 2017. These processes have reduced claim processing time for all claimants and, in particular, claimants who meet manifest medical eligibility.

The Department of Human Services closely monitors claim and appeal outcomes (both internal review and Administrative Appeal Tribunal) data to identify any trends or areas of concern. There is no evidence that removing the medical report from the DSP claim process and medical review process has adversely affected the integrity of assessments of medical eligibility for DSP. Evidence shows tribunals have continued to affirm DSP decision making at a high rate. In 2016, the Administrative Appeals Tribunal (Social Services & Child Support Division) affirmation rate remains high, affirming around 75 per cent of the medical decisions made by the Department of Human Services in relation to DSP eligibility. In those cases where a decision was overturned, many were due to the claimant or recipient providing additional medical evidence that was not available to the Department at the time of assessment.

Recommendation No 6:

The Committee recommends that the Department of Human Services consider the merits of increasing the time given for clients under review to provide documents, noting the current period of 21 days has proven insufficient in many cases. Further to this, that the Department of Human Services consider the additional time constraints that people in regional areas may face in producing documentary evidence in a short timeframe.

Summary of response:

The Department of Human Services **notes** this recommendation.

Supporting rationale:

At the outset of implementing the review measure, the Department of Human Services considered the timeframe for claimants to provide documents to the department. The Department of Human Services amended the timeframe and continued the existing practice of granting extensions when claimants advised further time was required.

This extension of the timeframe to provide evidence was informed by lessons learned. In a previous measure to review the eligibility of certain DSP recipients aged under 35 years, for example the Department of Human Services did not apply set timeframes and the review process in those cases was prolonged by as much as 18 months because of delays in some recipients providing medical evidence.

The usual timeframe for recipients to provide evidence or contact the Department is 14 days. Recognising that recipients might require more time to procure existing medical evidence from their treating health professional, the Department of Human Services extended this timeframe and review recipients (or their nominees) are asked to either provide evidence or contact the Department within 21 days. In practice, the Department allowed 28 days because of time constraints that could be faced by recipients in regional areas.

Recipients, or their nominees, can contact the Department at any time to request an extension or assistance. If the recipient or their nominee contacts and indicates that they need more time to provide evidence, the Department will grant an extension. Further detail about this requirement is provided in the Department's response to the Committee's Question on Notice 34.

As part of the ongoing implementation of the DSP medical eligibility reviews, the Department reviewed processes put in place to support the measure and strengthened procedures and safeguards, including:

- adding clearer information in the letter informing DSP recipients (or their nominees) about their review and requirement for information
- providing further training for staff about options available to recipients seeking assistance
- introducing a new dedicated 1800 number for recipients to contact for assistance; and
- intensifying quality check safeguards before suspending payment because of failure to respond to the request for information.

Recommendation No 7:

The Committee recommends that the Department of Social Services and Department of Human Services undertake a post-implementation review of the Program of Support requirements for claimants.

Summary of response:

The Department of Social Services and the Department of Human Services **note** this recommendation.

Supporting rationale:

The Department of Human Services provides advice on eligibility requirements to potential DSP claimants. As part of the practice of continual review and ongoing consultation with key stakeholders, the Department of Human Services has updated Program of Support information for potential claimants. This information is available on the Department's website and was recently redesigned to make the information clearer and more accessible. Video products have also been updated to inform claimants about the DSP claim and assessment process, including the requirement for some claimants to have participated in a Program of Support.

The Department of Social Services is leading an interdepartmental working group that includes the Department of Employment, the Department of Human Services and the Department of the Prime Minister and Cabinet, to progress the Commonwealth Ombudsman's recommendations from report 05/2016 - *DHS Accessibility of DSP for remote Indigenous Australians*.

That report included a recommendation that the Department of Social Services, Department of Employment and Department of the Prime Minister and Cabinet work with employment service providers to provide information about the Program of Support.

Recommendation No 8:

The Committee recommends that the Department of Social Services review the List 1 of conditions that provides eligibility for manifest grants of the Disability Support Pension.

The Committee recommends particular attention is given to the merits of including chromosomal disorders, such as Down syndrome, on List 1.

Summary of response:

The Department of Social Services **notes** this recommendation

Supporting rationale:

As part of the ongoing review of the DSP programme, the Department of Social Services continually reviews the manifest medical eligibility policy guidelines to ensure they are consistent with legislation and current medical practice, and can be consistently applied by DSP assessors. This includes the two lists of conditions which help assessors identify DSP claimants who may be manifestly medically eligible.

This review is informed by expert medical opinion from the Department of Human Services' Health Professional Advisory Unit in its medical and programme assurance role.

Current legislation, policy guidelines and claim assessment procedures make appropriate provision for people claiming DSP due to the impact of conditions such as Down syndrome.

Two lists of conditions are available to help decision makers determine manifest eligibility for DSP on the grounds of terminal illness, nursing home level care requirements, and/or intellectual disability.

The lists are not separate eligibility criteria—they are prompts for staff at the Department of Human Services to check if a manifest grant can be made without further assessment. Manifest grants can still be made for claimants with conditions not listed, if they meet manifest criteria.

List 1 catalogues conditions which are accepted as manifest (clearly and obviously meet all the DSP qualification criteria) on diagnosis alone.

List 2 includes conditions that can have more variable impacts but which may upon some further investigation, be associated with meeting manifest rules on the grounds of terminal illness, nursing home level care requirements, or having an IQ under 70.

Down syndrome is on List 2 because it is understood that not all people with Down syndrome have an IQ of less than 70.

This ensures that the Department of Human Services' assessors consider evidence of IQ alongside other medical evidence to determine if a manifest grant can be made.

A person with Down syndrome can be manifestly granted DSP if medical evidence shows their IQ is under 70. If these criteria are not met, a DSP claimant with a low intellectual function (IQ of 70 to 85) may still qualify for DSP under Impairment Table 9 – *Intellectual Function*.

Most people with intellectual disability, including that caused by Down syndrome, have had their IQ assessed at some time, and many are, or have been, in a school which provides tailored education for children with disability, or a mainstream school which tailored classes to meet their needs. Claimants with intellectual disabilities can provide a report from the school to support their claim, including the latest result from IQ testing conducted by their school (usually undertaken as a requirement of accessing additional education funding for children with disability).

In some cases a report from the school may indicate that the claimant has a very severe intellectual disability and is therefore not able to undergo an IQ test - these claimants may also be manifestly granted DSP.

If a claimant with intellectual disability is having difficulty providing current medical evidence, the Department of Human Services can arrange an assessment of intellectual function. There is no cost to the claimant for this process.

In July 2017, the Department of Human Services implemented new early assessment processes which aim to further reduce red tape and the time taken to assess claims for DSP claimants who are clearly unable to work, including those with Down syndrome who may meet the manifest eligibility criteria.

The Department of Social Services and the Department of Human Services will continue to work together to ensure that the manifest medical eligibility criteria are applied correctly and fairly for all DSP claimants and recipients, to avoid unnecessary assessment procedures for those who are clearly unable to work.

Recommendation No 9:

The Committee recommends that the Department of Social Services, in cooperation with the Department of Human Services, report back to the Committee on its progress in implementing audit recommendations numbers 3 and 4 of Report No. 18 (2015–16) and the findings and implementation plans from current relevant reviews being undertaken by the departments and those recommended by the Committee in this report.

Summary of response:

The Department of Social Services **notes** this recommendation.

Supporting rationale:

The Department of Social Services progressed work in response to audit recommendations numbers 3 and 4 and provides quarterly progress reports to its internal Audit and Assurance Committee. Those reports are, in turn, forwarded to the Australian National Audit Office.

Key Performance Measures form part of the Business Management Agreement Review between the Department of Social Services and the Department of Human Services. The *Protocol for the Release of Social Security and Related Information* has been updated.

The Department of Social Services continues to analyse DSP reviews and appeals on an ongoing basis. The Department of Social Services conducted an internal post implementation review of the revised Disability Support Pension (DSP) Impairment Tables introduced in 2012. The review has confirmed that the reforms to the Impairment Tables have been successful in simplifying the assessment of impairment with a focus on ability, and improving the quality, rigour and consistency of assessments.