



Submission to the Joint Standing Committee on the National Disability Insurance Scheme:

Market Readiness for the NDIS

One Door Mental Health



Executive Summary

As a grass roots community mental health organisation and an NDIS service provider for people with psychosocial disability, One Door is well placed to provide feedback on the market readiness for provision of services under the NDIS and is able to provide suggestions for improvements that will make real change in the lives of those living with a mental illness.

In Australia, mental health has been, and continues to be, grossly under-funded despite the clear economic and societal benefits of investment. The NDIS is one of the most important social reforms in Australian history alongside the introduction of Medicare. It has great potential to address the critical unmet need to support those with a psychosocial disability.

However, unrealistic cost estimations, the bureaucratic and inconsistent nature of the NDIA and well established practices in service providers antithetical to a market-based model all impact upon the market readiness of the sector for psychosocial disability services. The lack of clear and transparent information about the nature of the emerging market also acts negatively upon market readiness, as does the lack of clear and relevant information for current and prospective clients.

To avoid market failure, the “customer” must be ready for the “product”. That is not the case for people with psychosocial disability.

This all has significant implications for the implementation, performance and governance of the NDIS.

One Door would welcome the opportunity to present our experiences in the appropriate forums to inform improvements to NDIS implementation.

Yours sincerely,

Rob Ramjan
CEO

About One Door Mental Health

One Door Mental Health is a specialist mental health recovery organisation, with a 33 year history, committed to improving access to services and the circumstances of people living with severe and complex mental illness. One Door currently delivers trauma-informed recovery-oriented support through the NDIS for people with psychosocial disability.

In the past One Door has provided psychosocial community mental health programs, specialist mental health Disability Employment Services (DES), care coordination, housing, clinical and peer supported services. One Door has delivered services and coordinated community psychosocial care for people across silos of sectors, funding and policy through the building of relationships and trust with other providers, funding bodies and most importantly, individuals and the communities in which they live.

The experience One Door has in delivering this support for psychosocial disability under the NDIS, as well as One Door's extensive experience in the psychosocial disability sector, position us well to comment on market readiness for the NDIS.



Preparing service providers for a mature market

The experience of One Door Mental Health suggests that a number of service providers in the psychosocial disability support sector may face significant difficulty in adapting to sustainable business models in a new and deregulated market for disability services.

Many service providers have been working for extensive periods under a “block funding” financial environment, where grants and similar supports have been sought from governments to fund services allocated with agreed specifications according to service-type and/or geographical catchment. Over many, many years, this is the only system they have known and understood. The change to a system focused on individualised contract management, where psychosocial disability services are directly delivered for a fee to informed clients, is one that is difficult for the sector to adapt to without significant assistance. The upshot of this situation is that many service providers are not entirely market ready with the very real risk of well established organisations with excellent service delivery histories facing extinction.

These problems are exacerbated by the slower-than-expected engagement of NDIS services in the psychosocial disability sector. Whilst block funding arrangements for service providers have seen funding gradually decrease, there has not been an equal “balancing” uptake of new NDIS clients. This has left many service providers to run at a significant financial loss. One Door experienced a \$1.238m loss in 2016-17, 21% of our equity, and commenced this financial year confronting a potential loss of \$2.6m, 58% of our remaining equity, entirely due to reduction in block funding, preparation for the NDIS and failure of the NDIA to process people with a psychiatric disability. This has led to a significant number of redundancies, at further financial and human cost and a reduction in the workforce should the NDIA ever hit their targets. These facts increase the risk of NDIS market failure for people with a psychiatric disability.

One Door recommends that established service providers be given market mentoring towards a market-based system, and that block funding be decreased at a level more closely related to the financial benefits of client uptake.

Ongoing issues of cost estimation and pricing on the development of the market;

The costs of service regulated under the NDIS are currently too low to establish a viable market in psychosocial disability services. These cost issues have been pointed out in previous One Door submissions regarding the NDIS and costing¹.

¹ One Door Mental Health. (2017) *Submission to the Productivity Commission’s study into NDIS costs*.

The current cost estimation has the potential to significantly adversely affect the financial viability of service providers for people with psychosocial disability leading to further risks of market failure.

In particular, low levels of costs estimation make it difficult for service providers to pay for the current skilled workforce to ensure best outcomes for clients. Where cost estimations are low, highly skilled workers may not be attracted into the NDIS market and service providers may shed valuable staff. This could lead to a shortage of skilled labour, which is at odds with the requirements of a mature psychosocial disability service market.

One Door suggests cost estimations should be set at more financially viable levels.

NDIA as market steward

The NDIA, as it is currently constituted, is positioned poorly to play a role as market steward in the emerging market for psychosocial disability services.

Although necessary for oversight of the NDIS, our experience “on the ground” suggests that the NDIA is currently too rigid and bureaucratic to act as a flexible and effective market steward. The NDIA is not an organisation that will be responsive to the changes and innovations that may occur in a mature market for psychosocial disability services. Further there appears a very significant gap in knowledge of and awareness about psychosocial disability within the NDIA and most certainly from region to region. People with a clear and measurable functional disability have been rejected as a consequence of their specific diagnosis. This leads to the question, what is the market for people with psychosocial disability, or conversely, who is eligible to join this market?

Delays in developing and reviewing plans and clarification of NDIS policy have plagued the NDIA. There has been evidence of poor internal systems, leading to poor internal and external communication with clients and service providers. An example of this lack of clarity relates to forensic patients in the Hunter trial site. The NDIA initially indicated that all forensic patients would automatically qualify for an NDIS package. One Door, which has been providing services to this group for in excess of 23 years, invested in further developing programs. NSW Health invested in expanding the service. A number of forensic patients applied and were successful in obtaining a NDIS plan and package, and further were successfully transitioned from hospital care to the community. The NDIA suddenly and without consultation changed the “rules” deciding that no forensic patient could apply to the NDIA until they had a discharge date. This decision was devastating for all involved.

The organisation lacks the administrative transparency that is necessary for a mature and informed market to operate under its stewardship.

One Door also believes there may be some conflict of interest in the NDIA playing the role of market steward. On the one hand, the NDIA wishes to limit the costs of the NDIS and focus on

those with the highest need whilst. On the other hand, the NDIS may steward a market that could expand beyond estimated client numbers

These problems have been exacerbated by a lack of clear and consistent messaging regarding such issues as client access to the NDIS, services provided, internal processes, costs and administration.

One Door suggests that significant reform may be necessary to establish the NDIA as a viable market steward. This reform should include making the organisation more transparent, better administered and flexible, with a consistent nationwide approach and ensuring the organisation releases clear information about practices and procedures.

Lack of clarification about the nature of the emerging market

One of the most significant problems facing the market readiness of the NDIS is the lack of clear indication from governments or the NDIA about the nature of the emerging deregulated market for psychosocial disability support services.

Although estimations have been made, it is still unclear how many people with psychosocial disability will participate in the NDIS; the kinds of functional impacts relating to psychosocial disability that participants will have; and the location and nature of thin markets. Indeed, there are significant indications that the sector estimation of 64,000 people with psychosocial disability to join the NDIS may be a dramatic under-estimation.

This lack of clarity makes it very difficult for service providers to plan effectively for service provision in a mature market.

One Door recommends that the NDIA release more precise information about the nature, extent and depth of emerging markets in psychosocial disability service under the NDIS.

Preparing the disability workforce for a mature market

The experience of One Door Mental Health suggests that there will be a significant paucity of skilled, qualified and eager people to work in a mature market for psychosocial disability support under the NDIS. The market will simply not have enough workers to fill available positions.

To a large extent, this problem is one of cost estimation. The current levels of cost estimation for service provision do not encourage workers with higher level skills and qualifications to enter the market and such existing skilled workers are already leaving this area of work. This problem is exacerbated by the fact that there has been a lack of investment in developing a qualified disability support workforce in TAFEs and Universities.

One Door recommends that action be taken to encourage greater investment in education and training for skilled disability support workers and, as mentioned, more financially viable cost estimations.

Preparing the health sector for a mature market

Primary, secondary and tertiary health services remain unclear about what evidence should be presented to assist in the determination of the NDIA about a person's eligibility for a plan. Despite education, directives from the NDIA and requests from existing service providers, reports tend to focus on the health needs of the subject person rather than their disability. There has also been some confusion about the interface between the NDIS and the current healthcare system; particularly with regards to services that might be offered by the healthcare system but still relate to the consumer's disability..

One Door recommends that the NDIA develop clearer information and what is required for reports from health and mental health professionals seeking to have their patient admitted to the NDIS. One Door also recommends clarification of the interface between the healthcare system and the NDIS.

Preparing participants for a mature market

The experience of One Door suggests that there may be some difficulties facing prospective clients of the NDIS.

Participants may not clearly understand what a market-based system is and how it works as it relates to their functional disability and support needs. There has been a lack of clear information to participants about how the NDIS system will work. There has been a lack of indication, or conflicting or changing indications, about issues such as how the processes of the NDIA work generally; how plans work; how plans are reviewed; how self-management works; and what particular supports may be "in" or "out". This is a particularly serious problem for people with psychosocial disability who may not be in the best position to judge their own care needs or have trouble navigating the new service provision environment. This is exacerbated by inconsistent decisions made by NDIA Assessors, for example: 2 clients receive markedly different outcomes of the NDIS access request process, even though they experience identical functional impacts relating to their psychosocial disability; that is, 1 client may receive an NDIS Plan with a substantial allocation of funds, and another may receive either a low level allocation of funds, or be rejected as ineligible for the scheme. These kinds of problems suggest the chance of market failure through inadequate information to market participants.

Through services currently offered by One Door and in scope for transition to the NDIS, we have identified a major problem. Close to one third of participants do not want to apply for an NDIS plan for a variety of reasons including anosognosia; a symptom of their illness; not wanting to

agree they have a life-long disability; delusional thoughts about government intervention and control; impaired decision making; not understanding what the NDIS is about; etc. We have also identified that approximately a further third of Partners in Recovery clients who do apply are rejected making a total in excess of 60% of existing participants. This would indicate an existing market failure.

In light of these problems, One Door suggests the NDIA should give clearer indications about processes and regulations relating to people with psychosocial disability seeking access to the scheme, and should support people with serious mental illness who might be eligible for the scheme.

Other issues

There are a number of other issues that may impact upon market readiness for the NDIS.

There has been a lack of sub-regional detail in Market Position Statements released by the NDIA, making it difficult to estimate service needs in specific, thin markets. This problem could be addressed through the release of more specific regional market information.

There has also been no clear indication from the NDIA about market pathways for service providers of last resort. Such a pathway should be provided. The promise of a planned, clear allocation towards continuity of support for clients has not been delivered on; government contracts specified an end date of 31 December 2017 for existing arrangements that have been agreed, and any further advice has still not been made clear.

The current design of NDIS cost estimation does not provide a sufficient incentive to employ people with a “time buffer” able to respond to unanticipated emergencies. There is simply no financial capacity to have crisis or emergency staff on hand. One Door suggests that an emergency-response funding stream be created to address this problem.

Experience on the ground suggests that there may eventually be more clients with psychosocial disability eligible for the NDIS than the predicted 64,000. However, contrary experience suggests that a significant number of people with psychosocial disability, who would be eligible, have chosen not to engage with the NDIS. This may be caused by the desire on behalf of these people not to be labelled as “disabled”. Clearer information around both of these issues would be of importance to both the NDIA and service providers in a mature market.

The conflict between a recovery-oriented focus in mental health services, and the episodic nature of many mental health conditions, and the permanency criterion for eligibility in the NDIS may also pose a problem for market readiness. In particular, the maintenance of the permanence criterion may discourage some eligible people with psychosocial disability whose condition may be described as episodic, or who have become accustomed to a recovery focus in their mental health support. This difficult problem could possibly be addressed through

changing the eligibility criterion for people with psychosocial disability from “permanent” to “enduring” or “chronic”.