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Disability scheme already looks like costly headache

Both major parties need to focus on the NDIS challenge

The bipartisan goodwill behind the National Disability Insurance Scheme is souring after revelations of a billion dollar cost blowout during the trial period. The problems could have been averted if the Gillard government had placed greater emphasis on governance and outcomes in its design. The NDIS promised innovation in the realm of social policy. It recognised people with disabilities as individuals capable of rational choices and actions rather than a homogenous group to be managed by the nanny state. It sought to reduce financial waste by building a demand-driven system of disability funding tailored to individual needs instead of pooling funds in bloated bureaucracies. And it shifted national policy from a reactive to a preventative model by opting for early interventions to minimise long-term costs associated with undiagnosed or misdiagnosed disabilities. The idea reflected a truly modern and liberal approach to empowering people with disabilities.

Unfortunately, significant problems have emerged during the NDIS trial period. At present, it does not balance individual rights with responsibilities by tying funding to the core objectives of increasing the economic and social participation of people with disabilities. And the governance arrangements mean the minister cannot direct the National Disability Insurance Agency on the performance of its functions without Canberra and each of the states agreeing to it. Restricting federal control over the NDIS is problematic; not in the least because the states can have a financial interest in blocking federal directives that effect increased state responsibility for disability support. Severe disabilities and age-related impairments often require treatment provided by the state-funded

public health system. A possible consequence of the NDIS is that states simply shift the burden of disability and aged care support to the federal level. A recent report by the NDIA illustrated the potential risks of cost-shifting as a significant proportion of the NDIS budget was allocated to the needs of people with severe disabilities.

The NDIS funding problems are compounded by changing and variable diagnostic criteria for some forms of mental illness and cognitive disability. Autism is one category causing a blowout in the NDIS budget and raising questions about the range of behaviours included in the diagnosis as well as the cost of interventions. Social affairs writer Rick Morton has reported in this newspaper that autism diagnoses doubled from 2003-2009 and doubled

again by 2012. There are now an estimated 230,000 people living with autism spectrum disorder (ASD) in Australia. The NDIA costed early intervention treatment at \$16,000 per child annually but academics advising on best practice costed interventions at \$50,000-\$60,000 a year.

The diagnosis increase in Australia contrasts with international research indicating a pattern of decreased ASD diagnoses under the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders. A 2014 meta-analysis in the Journal of Autism and Developmental Disorders showed a 31 per cent pooled decrease in ASD diagnoses. In part, the decrease resulted from the new diagnosis of Social Communication Disorder which captured some behaviours previously categorised as autistic.

The NDIS cost blowout produced by changing diagnostic criteria for some disabilities and reported under-costing

of interventions would best be managed by the federal government. It is problematic that taxpayers are part-funding the NDIS through an increased Medicare levy but Canberra doesn't have direct say over how the \$22 billion program is managed. Current estimates project a funding shortfall in the order of several billion dollars.

The Australian has supported the NDIS because of its potential to transform the lives of people with disabilities, their carers and the community. However, we have tempered that support by cautioning government repeatedly about the economic risks of the scheme. As early as 2013, we warned that trials were running significantly over cost and that private providers should be considered as an alternative to building larger bureaucracies. The government admitted average costs during an initial trial were 32 per cent higher than earlier estimates.

The NDIS was sold to the public on a human capital argument, promising that vast investments would see an increase in the employment rate of people with disabilities. So confident were policymakers that they declared: "The NDIS pays for itself." Few checks were incorporated into the governance structure. In fact, legislation effectively impedes any federal action on behalf of taxpayers to remedy problems exposed during its trial period. The NDIS will move from trials to full implementation this year. The scheme was introduced with bipartisan accord, which now will be required to improve governance so that our nation's most vulnerable people are assured a high quality of life.