

Submission: Pricing Review 2016/17
Personal Care and Community
Participation

April 2016

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1. Introduction

A fee for service and market approach to the provision of disability services is a significant change for funders, services providers, clients and carers. If clients are to truly exercise choice and control they need a vibrant market of service providers that are responsive to their needs.

The NDIA has responded to many concerns expressed by service providers and other stakeholders about the methodology and assumptions for determining unit prices for supports. However, as outlined in this submission, there are a number of areas where the pricing still does not sufficiently recognise the actual cost of service provision. This is particularly the case for clients with complex and high intensity needs.

While not necessarily desirable, block funding by the State Government has provided service providers some flexibility to cover additional needs of some clients by spreading costs over a group of people. This is no longer possible under the NDIS, so it is vital that individual service needs are captured in their Participant Plans.

It is critical that the pricing models fully reflect the entire cost of service provision, recognising the cost of organisational support and capacity building, as well as direct support wages.

The greatest risk is that inadequate funding, particularly for clients with complex needs, will lead to market failure and a range of unintended negative outcomes for our most vulnerable NDIS participants. To some extent, this is being

evidenced through the early stages of the NDIS trial in Tasmania.

About Possability

Possability (formerly Optia) is a not-for-profit organisation with more than 25 years' experience in disability services.

We offer a wide range of services across Tasmania: Accommodation, Respite, Coordination of Supports, Community Connections, Leisure and Recreation, Life Skills and Support, Dual Diagnosis and Intensive Support Services. We currently have 430 clients -150 of whom are NDIS participants – and employ 375 staff (240 FTE).

We provide Supported Independent Living services to 65 clients residing in 21 shared living houses and to residents at five semi-independent sites comprising 57 units.

We also provide short term accommodation including crisis accommodation in furnished independent living units (Mussen Close/7Mile Beach) and operate four Respite Centres in Tasmania, catering for both adults and children. Three of the Respite Services are State Government funded; the other we opened in August 2014 for NDIS participants.

2. Supported Independent Living

In our experience the definitions and descriptions can be typically applied as a guide. Where they do not cover the specific individual needs of a participant quoting provides an alternative to describe the exact supports an individual needs. Preparing a quote is a labour intensive exercise which generates expenses for the organisation, so where all needs of participant can be met within a benchmarked price this is the preferable approach.

Our key areas of concern are outlined below.

2.1. Short-term accommodation (respite and crisis)

Short-term accommodation and assistance is currently funded with only one maximum daily price per client. This 'one size fits all' pricing regime is out of step with funding arrangements for most other services and does not reflect differences in cost of delivery or client needs.

It is inequitable that funding is the same, irrespective of the individual needs of clients. The needs of clients vary significantly and require differing staffing ratios. In some circumstances, the needs of the client require that we only take two participants at one time, rather than 4-5. This is possible to do in the State-funded system but is not financially viable with the current NDIS funding arrangements. Even if we can fill all the beds, some clients require higher staffing ratios than others for the safety of themselves and others. Some clients need to be more actively supported, while others might have complex medical conditions that require close monitoring by highly experienced staff. Once again, a single price does not recognise the different staffing requirements in terms of staff ratios, but also skill and experience.

These combined factors mean that the single daily price is a significant disincentive to provide respite services to clients with higher needs, challenging behaviours and complex medical conditions. We have already witnessed low support needs clients moving to other services where they can provide support with lower staffing ratios and less skilled staff. The outcome is that the current state funded services have a higher weighting of high support clients. Unless there is greater recognition of high needs clients, they will face an issue in service continuity when they transition to the NDIS.

The pricing seems to assume certain economies of scale. As outlined above, some clients are not suited to sharing with 3-4 others. For example, clients with autism often find larger groupings difficult. We have attempted to provide short-term accommodation on a weekend for two clients, but have ceased to do so as it was not financially sustainable to a high quality standard.

As the needs of clients vary significantly, it would assist Possability if the NDIS explicitly stated assumed staff to participant ratios and skill levels required at various price points.

This would provide a valuable reference point for providers and a better understanding of expectations. However, we wouldn't want this to be too prescriptive and to allow flexibility to respond to the nuanced requirements of each client.

Recommendation 1: *The three different levels of client need are applied to the short term accommodation pricing model. This should include allowances for higher staff ratios, higher skilled staff (higher paid) for the complex needs clients and the need for active night staff.*

Recommendation 2: *Greater detail provided for price points as guidance.*

Another issue with the funding model is that it appears to be based on the assumption that clients take up 7 day blocks of short-term accommodation or that service providers will operate at full capacity throughout the week. This does not reflect our experience in both our State Government funded Respite Centres or the NDIS service. Clients and their families are seeking greater flexibility in access to short-term accommodation. They generally want regular, short-term stays of 1-3 nights. Particularly with children, seven nights away from home may not be suitable. Longer stays are generally not required unless the carer is planning a holiday.

A preliminary analysis of this funding model indicates our state-funded respite services would not be viable under the NDIS. This is due to us responding to client/family preference (market demand) for short-term stays and offering more service on weekends, public holidays and school holiday periods.

Possability opened an NDIS respite service near Hobart catering for the NDIS 15-24 year old cohort in August 2014. We have experienced high demand for weekends and much lower demand for week nights. The most popular stay is two nights. With the current pricing we cannot fully cover staff costs on weekends, even when full (capacity of 4 clients) and we are making a loss on these days. As a result, we regularly close the service at 10 am on Sundays and we are considering making this a general rule.

Recommendation 3: *New, higher rates for weekends and public holidays.*

The provision of short-term accommodation requires significantly more programming, administration and family engagement than with long term accommodation. This is particularly the case with clients with complex behaviours and medical conditions. We also need to take into account the matching of clients staying at one time to ensure their safety. This requires considerable administration and logistics, as well as pre-visit planning, all of which is costly and not adequately captured in the pricing.

Recommendation 4: *That the pricing model provide adequate provision for higher rates of programming and administration in short-term accommodation.*

The state system allows for emergency respite beds, but this does not appear to be factored into the NDIS. We currently have the capability in the state system to provide emergency accommodation within hours of a request. This ability to provide almost immediate respite is vital to assist families in crisis, prevent family break-down and keep clients safe. It can also prevent participants from becoming homeless due to breakdown in their accommodation for a range of reasons such as relationship breakdown, mental health issues and family violence.

It is uncertain how emergency beds will be found when we fully transition to the Scheme, particularly if service providers need to operate at full capacity to be viable. Possability believes there is strong community benefit for short-term accommodation pricing to encompass the provision of emergency beds.

Recommendation 5: *That provision is made to fund emergency beds in short-term accommodation.*

2.2. Higher needs clients

The definition of higher needs does not cover all aspects of support provided and could be improved.

For example, the definition suggests that a client who requires frequent assistance to manage challenging behaviours must have at least one instance of challenging behaviour per shift. However, through proactive strategies in a best practice Positive Behaviour Support Plan, the incidence of challenging behaviours can reduce. This definition could suggest that support levels can be reduced as a result of reduced behaviours, when experience tells us that ongoing high level support is required to maintain this positive outcome, at least in the short to medium term.

In the same way, many people with complex support needs, if well supported, do not necessarily need active overnight support all the time. In this situation, there could be the scope for two prices in the higher grouping, allowing a factor for disturbances.

Recommendation 6: *Ensure that the definition or application of the definition doesn't penalise best practice strategies that minimise challenging behaviours or medical crises.*

The current rates capture costs of support staff, but don't accurately reflect the substantial additional levels of organisational support required for planning, supervision and the higher skills and resilience required by support staff. See section 4 for further discussion of new measures needed to reflect higher intensity and complex needs.

2.3. Episodic supports

Some clients, particularly those with mental health conditions, have episodic periods where there is an escalation in support needs. In these circumstances, service providers need to be able to respond quickly to the needs of the client, so flexibility is required in the funding package. Where this is a known factor, it would be preferable to have a contingency in the Participant Plan for this occurrence rather than needing to request a review. If required, a review could be undertaken while the contingency plan is in place.

Recommendation 7: *For clients with known episodic conditions to have a contingency for this built into their Participant Plan.*

2.4. Mixed client support needs

Combining clients with high and standard needs often works better than having everyone with high needs together. However combining for example one high support and two standard support packages doesn't cover the total support required for the person with high support needs. In these circumstances it is necessary to quote in order to achieve the balance of shared supports and individual supports necessary to implement each individuals support plan and meet their support needs.

2.5. Establishment support

When people move out of home for the first time into shared or single accommodation, it can be expected that there will be a period of adjustment. Possability's experience is that during those first 3-6 months there is significant supervisory input – engaging with families, supporting relationship negotiations and gaining a better understanding of support needs. Possability suggests that it would be of benefit to the client and service provider to have a review of arrangements with the NDIA planner after 3 and/or 6 months where support levels can be adjusted depending on need. This would not need to be a full scale review, but an opportunity to refine support arrangements based on experience.

Recommendation 8: *Provide the opportunity for an informal plan review 3-6 months after the establishment of a new shared living or independent living arrangement.*

2.6. Economies of scale

It is difficult to find economies of scale in shared living arrangements with greater than two clients. They might be found in the overnight support where monitoring rather than active support is required. The planning, supervision, programming and staffing ratio is the same with 2 clients, as with 3 or more. The only other standard economy of scale is in accommodation costs.

The average shared living household that we support has four clients. However, we have seen sound improvements in outcomes for some clients when they have lived in a smaller household (a total of 3 rather than 4 residents). For example, we ran a shared home funded to accommodate 4 clients, 3 of whom had lived together for some time. They are young men with autism and or severe intellectual disability with two of the young men also having severe epilepsy. Whenever the fourth bed was occupied the behaviour of all the young men escalated as did their seizure activity. Increasing staffing had little impact on this. After several attempts to identify a compatible house mate it was decided to reduce the number of people living in the house to 3. As a result of the reduced activity in the house through lower number of people – both staff and residents – clients became more settled, environmental restrictions were reduced and community inclusion increased.

3. Group-based activities

The base formula is flawed for group-based activities because it doesn't allow funding for programming, planning and liaison with families. The people who access these services are often high needs, but this isn't taken into account in the pricing.

Transport costs are often not in participants' plans, and this becomes a barrier to access in rural and regional areas where there is very limited public transport. Transporting groups of clients to activities becomes an expensive exercise, particularly if we need to have a van that can take wheel chairs. We recently purchased such a van for approximately \$80,000 for our Leisure and Recreation group in North West Tasmania. It is difficult to see how we will cover the cost of this purchase from NDIS group-based activities funding or our client's transport funding.

Possability supports the pricing to stipulate assumed staffing ratios for centre-based and non-centre-based group activities. As the pricing currently stands, there is a financial incentive to providers to cater for standard needs clients into centre-based activities with low staffing ratios, rather than to take them into the community for social and recreational activities. This may not be in the interests of clients or consistent with the intent of the scheme.

***Recommendation 9:** Greater recognition of the value of group-based activities for high needs clients and allow for high staffing ratios.*

***Recommendation 10:** Make explicit the assumed staffing ratios for all group-based activities.*

***Recommendation 11:** Make provisions for costs of programming, planning, family liaison and group transport in the pricing formula.*

4. Measures to reflect higher intensity and complex needs

There is often an uncounted cost to service providers with clients with high intensity and complex needs. The staff working with these clients need to be more skilled and resilient, require greater support through supervision, training and debriefing than the staff of more standard needs. With clients who have challenging behaviours, staff burn out and turnover is often an issue. Possability often needs to pay staff above award rates to attract and retain those with high resilience and a capacity to work in complex situations. The current rates don't adequately reflect these increased costs and the long-term investment required in staff capacity development. Nor do they reflect need for high levels of program design, data collection to

monitor effectiveness of strategies and interventions or the need to engage in more complex support networks meeting and collaborating with other providers. These clients also require the provider to engage more extensively with the client and their family at a management level due to complexity of need.

The report, *Uncounted Costs: Implementing the NDIS* (Hinton, 2015), to which Possability contributed, found that uncounted costs of supporting clients with behaviours of concern amounted to an average of 23% of total annual support costs. In three cases the uncounted costs were more than 30% of total annual support costs. If this continues, providers like Possability will be placed under severe strain and may need to reconsider whether we can support some of these clients.

Some clients with behaviours of concern damage property. It is not practical (nor in some cases appropriate) to try to recoup all the costs of this damage from the client or family. It is not financially sustainable for service providers to absorb this cost and we require a mechanism to be recompensed through the NDIS.

Given the complexity of these clients and the high cost of supports, it would be appropriate to have more regular plan reviews to ensure positive outcomes for the client and best value for the scheme.

Recommendation 12: *That a 'higher intensity plus rate' (Hinton, 2015) be developed for clients with highly complex needs and behaviours of concern including:*

- *a high degree of flexibility in the intensity of the support to cope with volatile situations*
- *flexibility and room for creativity in funded support items to cope with very unique and individualised needs*
- *recognition of the need for ongoing expert clinical support*
- *involvement of service providers in NDIA planning processes*
- *investment in staff training for skilled and experienced support teams*
- *provision for higher salaries for workers in the support team*
- *working with families to develop positive relationships*
- *recompense for property damage by a client as a result of their disability.*

Recommendation 13: *More regular plan reviews for clients with highly complex needs to adjust support needs as required and achieve best value.*

5. Conclusion

The issues raised and recommendations outlined above can be summarised under the following themes.

- A. **Whole of organisation contribution:** The cost of supporting clients, particularly those with complex needs, goes well beyond employment of support staff. It includes significant planning, supervision and clinical oversight, training, organisational development, administration and infrastructure. It requires considerable long-term investment in staff capacity building at multiple levels of the organisation. These costs are currently inadequately reflected in pricing for some participants, particularly for complex clients and short-term accommodation.
- B. **Flexibility:** Person-centred support requires flexibility to be responsive to complex and changing needs. Contingency for this needs to be incorporated into Participant Plans, as well as providing opportunity for more regular plan reviews where appropriate.
- C. **Industrial environment:** The fee schedule should always reflect the need to pay penalty rates for weekend, public holiday and shift work. This is not the case currently with short-term accommodation.
- D. **Risk and long-term investment:** Pricing needs to reflect the degree of risk and organisational investment required to deliver quality services – whether that is to service highly complex clients or invest in necessary infrastructure. Sophisticated pricing mechanisms are needed to counter ‘cherry picking’ of less complex clients and prevent market failure in the more challenging segments of service provision.

The NDIS is an exciting and evolving scheme and all stakeholders are learning as we make the transition. Possability looks forward to further adjustments in pricing models to ensure they promote market development and ensure participants can exercise choice and control of their support services.

Reference

Hinton, T. (2015). *The Uncounted Costs: Choice and Control for People with Behaviours of Concern*. Hobart: Social Action & Research Centre, Anglicare.

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APPENDIX

Summary of recommendations

Recommendation 1: The three different levels of client need are applied to the short term accommodation pricing model. This should include allowances for higher staff ratios, higher skilled staff (higher paid) for the complex needs clients and the need for active night staff.

Recommendation 2: Greater detail provided for price points as guidance.

Recommendation 3: New, higher rates for weekends and public holidays.

Recommendation 4: That the pricing model provide adequate provision for higher rates of programming and administration in short-term accommodation.

Recommendation 5: That provision is made to fund emergency beds in short-term accommodation.

Recommendation 6: Ensure that the definition or application of the definition doesn't penalise best practice strategies that minimise challenging behaviours or medical crises.

Recommendation 7: For clients with known episodic conditions to have a contingency for this built into their Participant Plan.

Recommendation 8: Provide the opportunity for an informal plan review 3-6 months after the establishment of a new shared living or independent living arrangement.

Recommendation 9: Greater recognition of the value of group-based activities for high needs clients and allow for high staffing ratios.

Recommendation 10: Make explicit the assumed staffing ratios for all group-based activities.

Recommendation 11: Make provisions for costs of programming, planning, family liaison and group transport in the pricing formula.

Summary of recommendations (cont.)

Recommendation 12: That a 'higher intensity plus rate' (Hinton, 2015) be developed for clients with highly complex needs and behaviours of concern including:

- a high degree of flexibility in the intensity of the support to cope with volatile situations
- flexibility and room for creativity in funded support items to cope with very unique and individualised needs
- recognition of the need for ongoing expert clinical support
- involvement of service providers in NDIA planning processes
- investment in staff training for skilled and experienced support teams
- provision for higher salaries for workers in the support team
- working with families to develop positive relationships
- recompense for property damage by a client as a result of their disability

Recommendation 13: More regular plan reviews for clients with highly complex needs to adjust support needs as required and achieve best value.