



Report on the sustainability of the scheme

1 July 2013 to 30 June 2016

July 2016

Prepared by the Scheme Actuary

Introduction

This report presents analysis on the delivery of the National Disability Insurance Scheme (NDIS) by the National Disability Agency (NDIA) as at 30 June 2016.

Specifically the analysis includes:

- **Participant satisfaction.** Participant satisfaction remains high. On a scale of very poor (-2) to very good (+2), with neutral being 0, participant satisfaction is at 1.62. This is consistent with previous quarters.
- **Participant numbers.** 35,695 participants were eligible for the scheme (98% of the bilateral target). This is an increase of 5,910 participants over the quarter. 30,281 participants had an approved plan (83% of the bilateral target), which is an increase of 5,415 participants over the quarter.
- **Total scheme costs.** Considering the number of participants who have entered the scheme and distribution of packages utilised by these participants, the scheme is within budget for the three year trial period (ending 30 June 2016).

The report also includes information on:

- **The amount of support committed to participants**, including trends, the distribution of packages committed to participants, and actual payments made to date.
- **Continuous improvement** to the scheme to ensure scheme sustainability, including the development of references packages and an outcomes framework.

After the three years of the NDIS trial the scheme is within budget for the three year trial period. Financial sustainability will continue to be monitored closely over the transition phase, with cost drivers continuing to be identified and managed.

Concurrent trials are also underway in the South West and Cockburn-Kwinana in Western Australia based on the Western Australia NDIS My Way Model. Information on these trials are not included in this report. Information on the Western Australian NDIS My Way Model trial sites are published separately by the Western Australian Disability Services Commission.

Scheme experience (1 July 2013 to 30 June 2016)

Participant satisfaction

Participant satisfaction with the Agency has remained very high in recent months. Satisfaction is reported on a scale of very poor (-2) to very good (+2), with neutral being 0. The participant satisfaction level is currently 1.62, consistent with results since June 2015.

Participants

As at the 30 June 2016 (Table 1):

- 35,695 participants were eligible for the scheme (98% of the bilateral target). This is an increase of 5,910 participants since 31 March 2016.
- 30,281 participants had an approved plan (83% of the bilateral target). This is an increase of 5,415 participants since 31 March 2016.
- The number of participants relative to the bilateral agreements is lower compared with the March 2016 results (98% compared with 100%), and the number of participants with approved plans relative to the bilateral agreements has remained the same with the March 2016 results (83%).
- In Queensland, transition to full scheme commenced in Townsville and Charter Towers for 0-17 year olds and for under 65 year olds in Palm Island with plans being approved from 1 April 2016.
- The actuarial baseline model used a different methodology to determine the likely number of participants in each trial site. This analysis resulted in different estimates to the bilateral agreements – most notably South Australia, where approximately double the number of participants is expected. The number of participants in the scheme to date compared with the actuarial baseline model is included in Appendix B. As the trial sites were resourced in line with the bilateral agreements, the estimated number of participants in the actuarial model is difficult to achieve.

Table 1 Eligible participants and participants with approved plans

1 July 2013 to 30 June 2016	NSW (Hunter)	SA	TAS	VIC	ACT	NT	WA	NSW (Nepean Blue Mountains)	QLD	Total
Number of expected participants (bilateral agreements) ^{1,2}	10,111	8,500	1,125	5,289	4,278	154	4,250	2,000	600	36,307
Number of participants (active & inactive participants)	8,348	9,482	1,358	5,884	5,229	161	2,681	2,015	537	35,695
<i>Percentage deemed eligible compared with expected</i>	<i>83%</i>	<i>112%</i>	<i>121%</i>	<i>111%</i>	<i>122%</i>	<i>105%</i>	<i>63%</i>	<i>101%</i>	<i>90%</i>	<i>98%</i>
Number of participants with current approved plans (active & inactive participants)	7,805	7,118	1,162	5,284	4,098	155	2,494	1,804	361	30,281
<i>Percentage with approved plans compared with expected</i>	<i>77%</i>	<i>84%</i>	<i>103%</i>	<i>100%</i>	<i>96%</i>	<i>101%</i>	<i>59%</i>	<i>90%</i>	<i>60%</i>	<i>83%</i>

¹ Bilateral agreement targets are targets for approved plans, rather than participants. The NDIS funding responsibility begins from the date of first plan approval. There is a lag between a participant being deemed eligible and having their plan approved.

² Where bilateral agreement targets are quarterly, the monthly target is pro-rated evenly across the months (e.g. the monthly target is one third of the quarterly target).

Trends in plan approvals

Figure 1, Figure 2 and Figure 3 show participants with approved plans by month compared with the bilateral agreements and the actuarial model.

In the June 2016 quarter, plan reviews represented more than half of the plans approved in the New South Wales - Hunter (51%), Tasmanian (89%) and Victorian (61%) trial sites.

In New South Wales (Hunter and Nepean Blue Mountains), the number of plan approvals in the first two months of quarter four followed a similar trend to the March 2016 quarter. However, in June 2016 there was a significant increase in the proportion of first plans approved.

In South Australia, the number of plan approvals in the June 2016 quarter has increased significantly from the previous quarter but still remains below the revised bilateral target. The number of plan approvals has increased because a higher number of new participants who are young children (aged 0-4 years) were made eligible in May and June 2016. Further, there has been work with the South Australian government to retrieve updated contact information for participants who could not be contacted.

In Tasmania, the number of active participants with approved plans has exceeded the 1,125 agreed in the Transition bilateral agreement, noting that the actuarial estimate of the number of participants in this trial site was higher than 1,125 (see Appendix A).

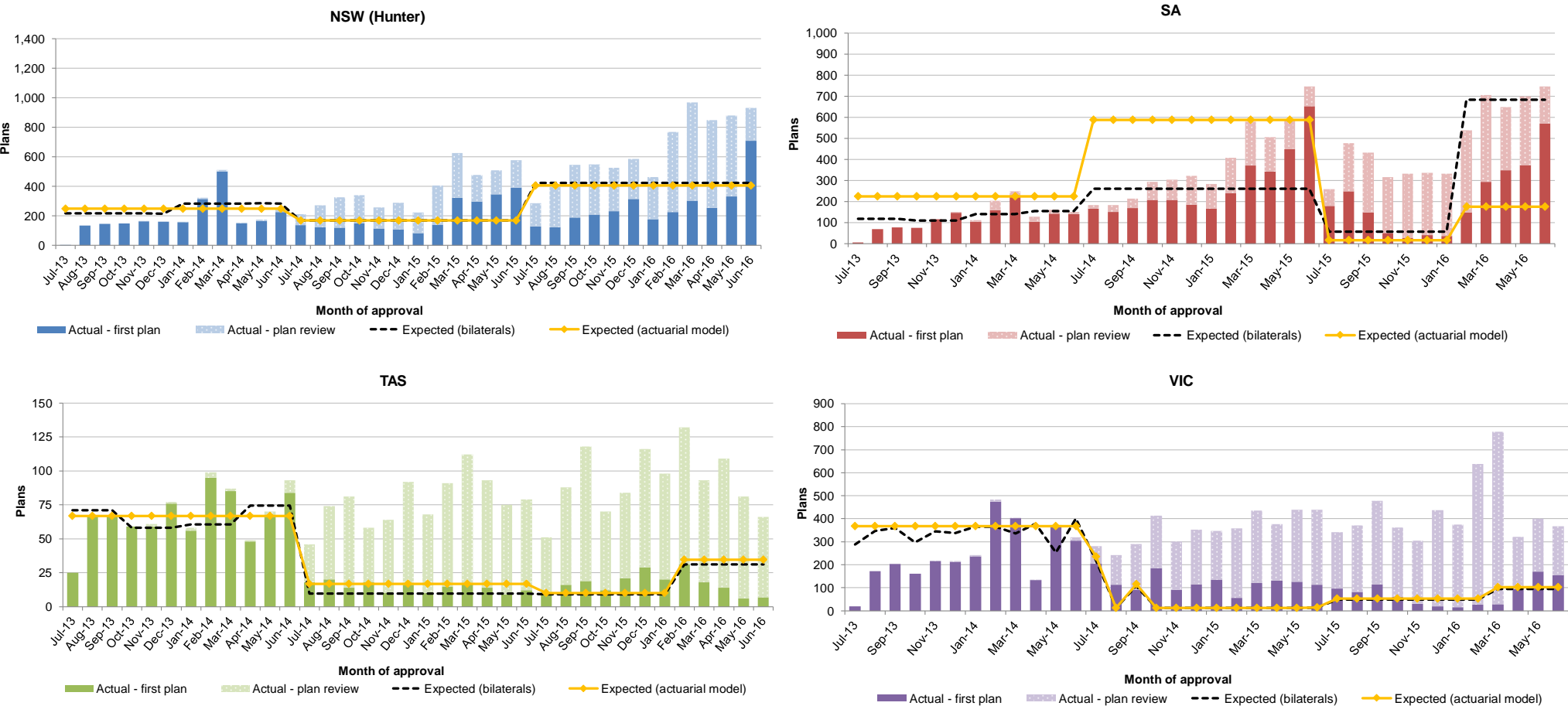
In Victoria, the increased bilateral target of 5,289 participants for the trial site period was almost met.

In Northern Territory, the number of plan approvals in the June 2016 quarter decreased as the bilateral target was met in April 2016.

In Western Australia, the number of plan approvals has increased significantly over the June 2016 quarter whilst this is below the bilateral target, the revised forecast for June 2016 of 2,400 was met.

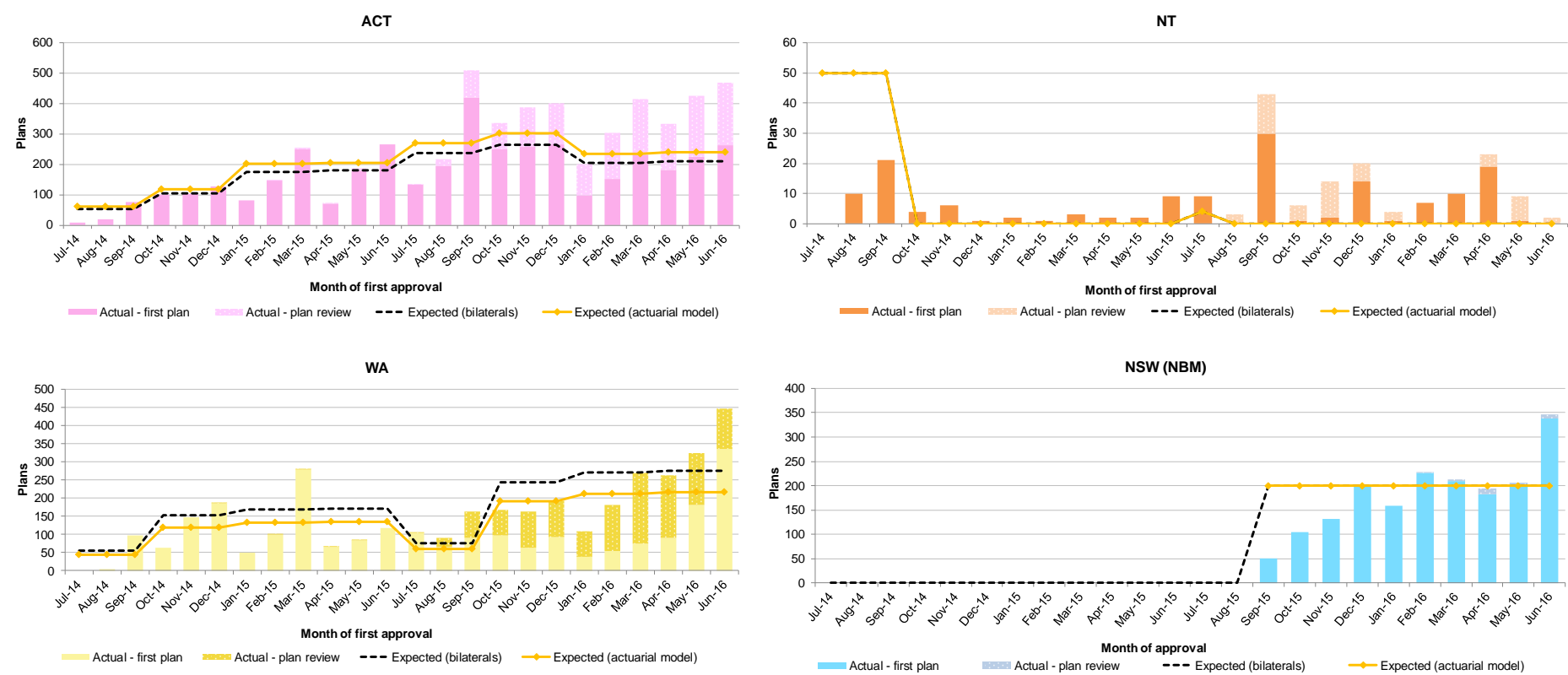
In Queensland, transition to full scheme commenced in Townsville and Charter Towers for 0-17 year olds and for under 65 year olds in Palm Island with plans being approved from 1 April 2016. Overall, 537 participants entered the scheme, of which 361 had an approved plan.

Figure 1 Participants with approved plans by month compared with the bilateral agreements and the actuarial model – NSW (Hunter), SA, TAS and VIC trial sites³



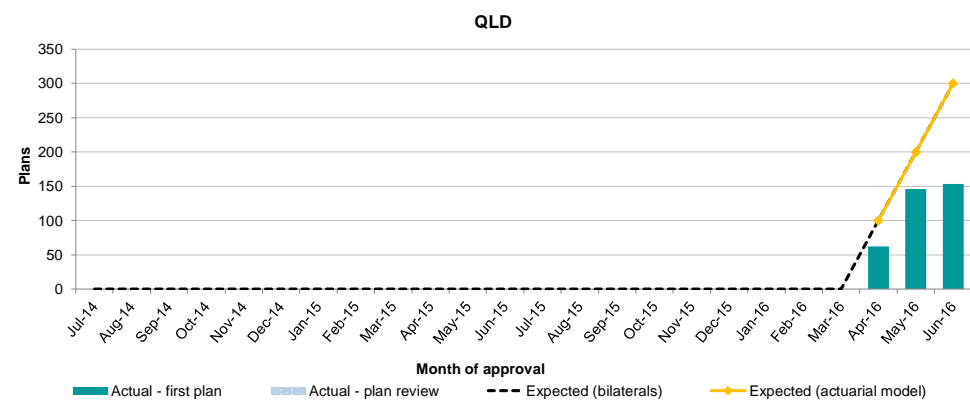
³ The vertical axis is different for all trial sites.

Figure 2 Participants with approved plans by month compared with the bilateral agreements and the actuarial model – ACT, NT, and WA trial sites and NSW (Nepean Blue Mountains) site⁴



⁴ The vertical axis is different for the Northern Territory and Nepean Blue Mountains sites.

Figure 3 Participants with approved plans by month compared with the bilateral agreements and the actuarial model – QLD trial site



Committed support

As at 30 June 2016, 30,281 participants (active and inactive) have approved plans, and \$2,404.3 million of support has been committed to these participants.

Of this \$2,404.3 million:

- It is estimated that \$141.0 million (6%) was provided in 2013-14 (including actual paid to date). The funding envelope based on the bilateral agreements for 2013-14 is \$148.8 million, including cash and in-kind. Hence, for participants who have entered the scheme in the first year, committed support for 2013-14 is around 95% of the funding envelope (Table 2).
- \$505.3 million (21%) is estimated to be provided in 2014-15. This compares with the funding envelope based on the bilateral agreements for 2014-15 of \$456.9 million, including both cash and in-kind. Therefore, for participants who have entered the scheme to date, committed support for 2014-15 is around 111% of the funding envelope for 2014-15 (Table 2).
- \$915.7 million (38%) is estimated to be provided in 2015-16. The funding envelope based on the bilateral agreements for 2015-16 is \$873.1 million, including both cash and in-kind. Thus, for participants who have entered the scheme to date, committed support for 2015-16 is 105% of the funding envelope for 2015-16 (Table 2).
- \$842.3 million (35%) is expected to be provided in 2016-17 and beyond.

Note: committed support exceeds the funding envelope in 2014-15 and 2015-16. However, as not all committed support is being utilised, an actual deficit will not arise. That is, the scheme will be within the budget for the three years of trial. Further, due to the phasing of participants into the scheme during the trial period comparing committed support with the bilateral agreement does not reflect full scheme costs.

Table 2 Committed support expected to be provided in 2013-14, 2014-15, 2015-16 and 2016-17 & beyond

Total			Total (excl. large residential centres)	
Expected to be provided (\$m)				
2013-14	\$141.0	6%	\$133.6	6%
2014-15	\$505.3	21%	\$436.5	21%
2015-16	\$915.7	38%	\$808.3	38%
2016-17 and beyond	\$842.3	35%	\$723.7	34%
Total	\$2,404.3	100%	\$2,102.0	100%
Funding envelope for 2013-14 (\$m)			\$148.8	
Expected to be provided in 2013-14 as a proportion of 2013-14 funding envelope		95%	90%	
Funding envelope for 2014-15 (\$m)			\$456.9	
Expected to be provided in 2014-15 as a proportion of 2014-15 funding envelope		111%	96%	
Funding envelope for 2015-16 (\$m)			\$873.1	
Expected to be provided in 2015-16 as a proportion of 2015-16 funding envelope		105%	93%	

Actual payments

Actual payments to service providers and participants who are self-managing their plans as at 30 June 2016 were \$1,090.6 million, of which \$91.6 million relates to supports provided in 2013-14, \$375.7 million relates to supported provided in 2014-15 and \$623.2 million relates to supports provided in 2015-16.

- Actual payments to date for supports provided in 2013-14 represent 65% of all committed supports.
- Actual payments to date for supports provided in 2014-15 represent 74% of all committed supports.
- Actual payments to date for supports provided in 2015-16 represent 68% of all committed supports.
- Actual payments to date represents 70% of all committed supports.

Note: payments continue to be made for the 2013-14 and 2014-15 support years, so these utilisation factors may increase. Further, there is a lag between when support is provided and when it is paid which effects the utilisation to date figure.

Trends in average package cost

The average annualised package cost across all trial sites at the end of June 2016 is \$39,065 including large residences (Stockton, Kanangra and Colanda)⁵, and \$36,049 excluding Stockton, Kanangra and Colanda.⁶ Average annualised package costs on a monthly basis are presented in Figure 4 and Figure 5.

The average annualised package cost in the New South Wales (Hunter), South Australian, Tasmanian and Victorian trial sites is \$37,845 including Stockton, Kanangra and Colanda, and \$33,510 excluding Stockton, Kanangra and Colanda.

Average packages costs can be quite different month to month in each trial site due to the characteristics of participants receiving plans in each month.

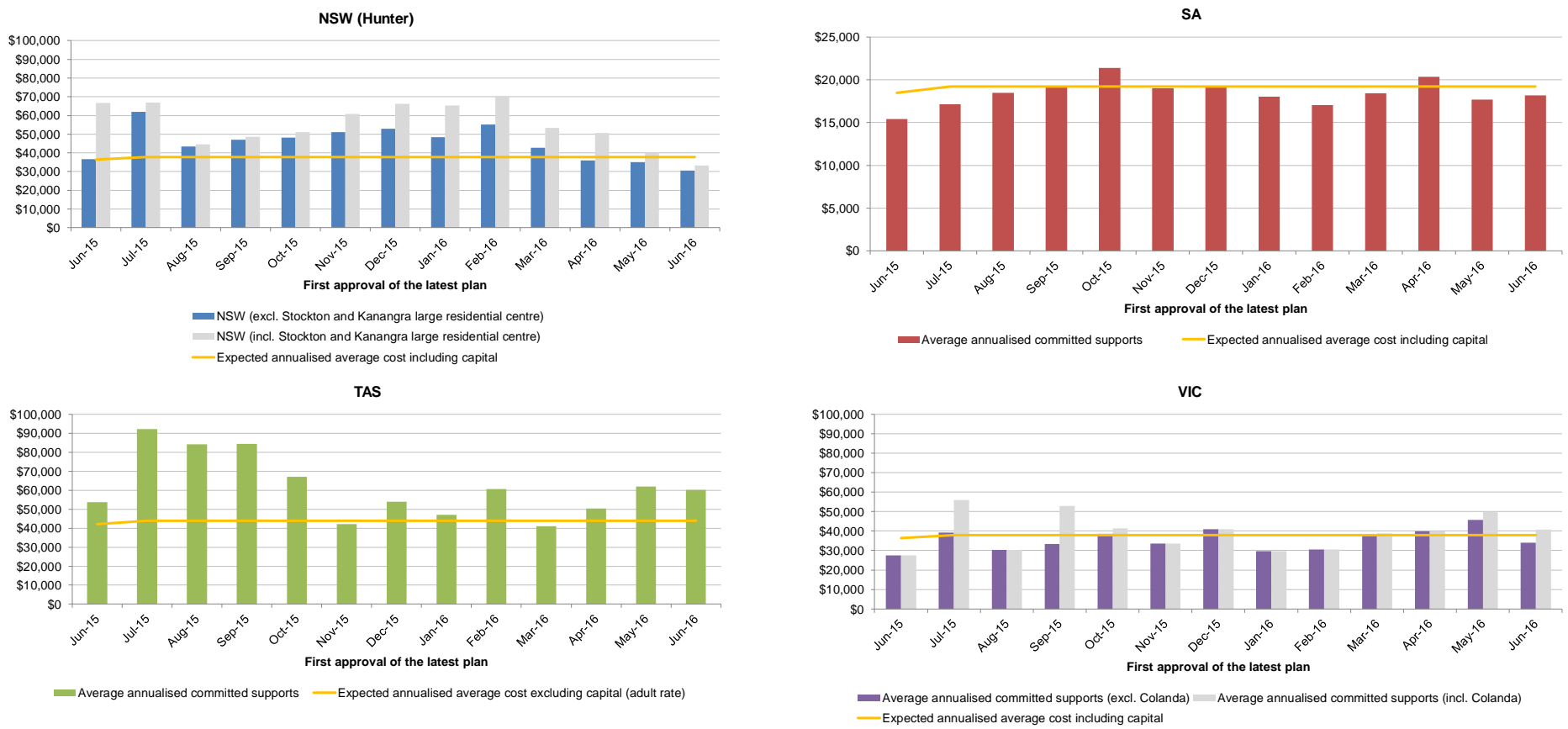
Note: the benchmark average annualised package cost for 2015-16 is \$38,588 reflecting the inflation factor included in the bilateral agreements.

Note: Average annualised package cost is not an appropriate measure of scheme performance when considered in isolation from other metrics. It is important to consider the number of scheme participants, the distribution of packages committed to these participants and actual payments for supports provided. All of these factors contribute to the overall cost.

⁵ Stockton and Kanangra are large residences in the New South Wales (Hunter) trial site and Colanda is a large residential centre in the Victorian trial site.

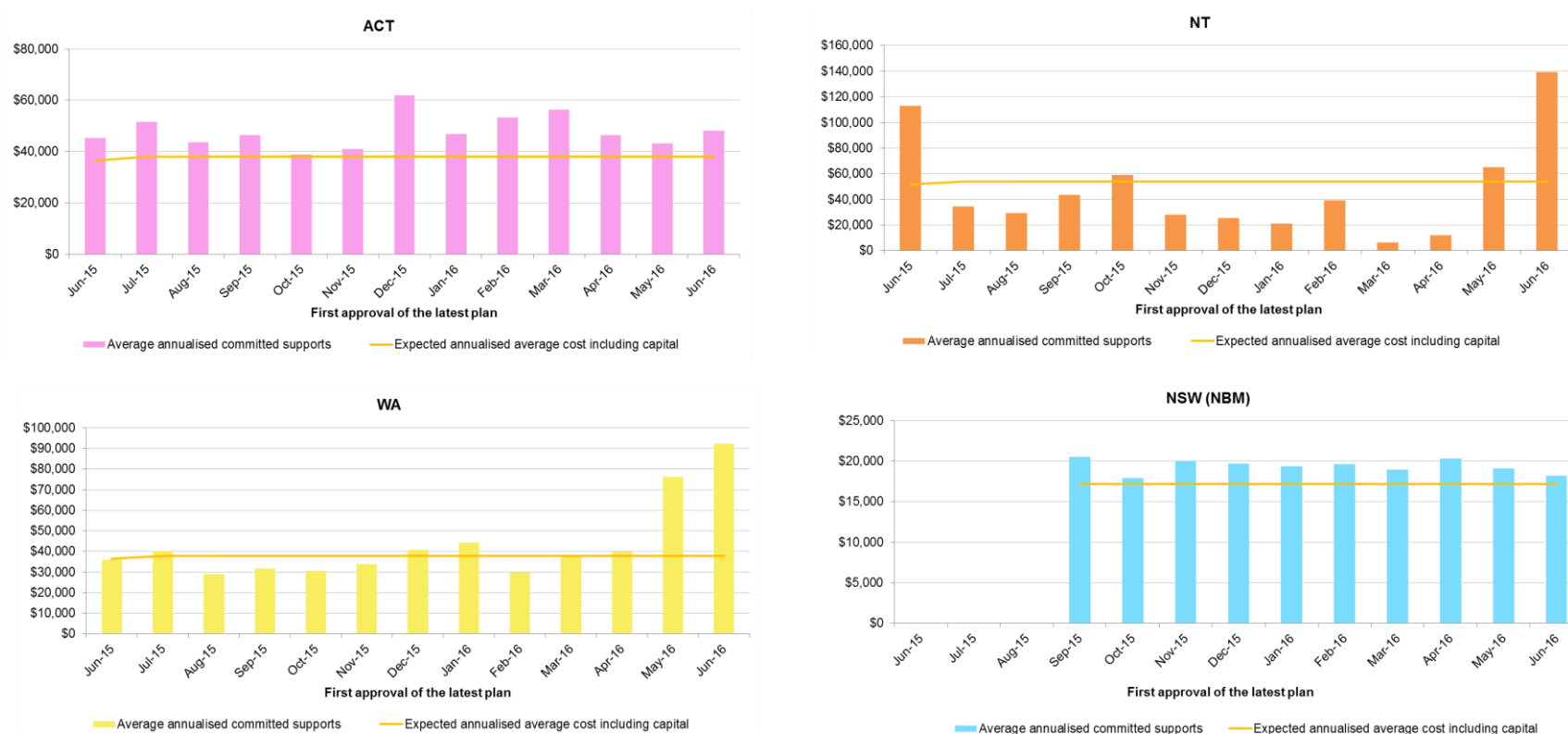
⁶ New South Wales (Hunter) did not specify the average cost of providing supported accommodation in the Stockton and Kanangra large residential centre and hence an estimate has been used. There were 298 Stockton, 52 Kanangra and 71 Colanda residents with approved plans at the end of June 2016.

Figure 4 Average annualised committed package cost by trial site – monthly averages (NSW - Hunter, SA, TAS and VIC)⁷



⁷ The vertical axis is different for each trial site.

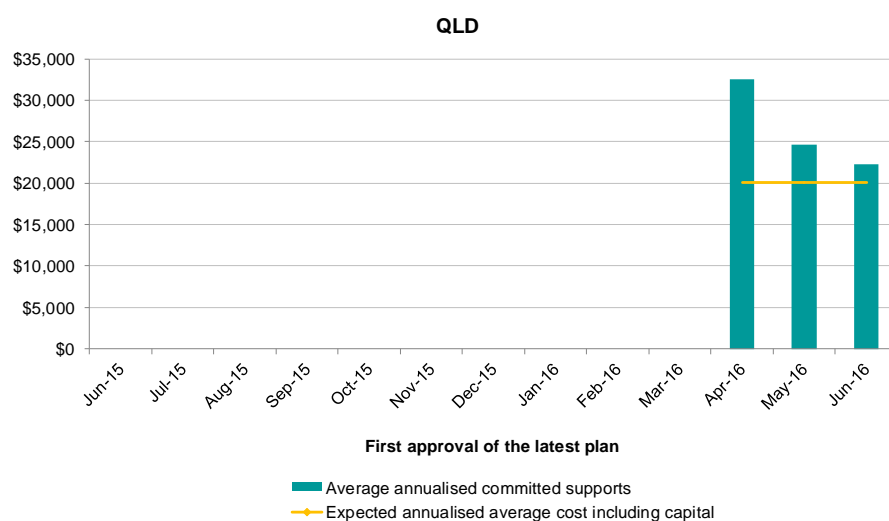
Figure 5 Average annualised committed package cost by trial site – monthly averages (ACT, NT, WA and NSW - Nepean Blue Mountains)^{8,9}



⁸ Note: the number of participants with approved plans in the Northern Territory is low. Hence numbers should be treated with caution.

⁹ The vertical axis is different for each trial site.

Figure 6 Average annualised committed package cost by trial site – monthly averages (QLD)



Distribution of package costs

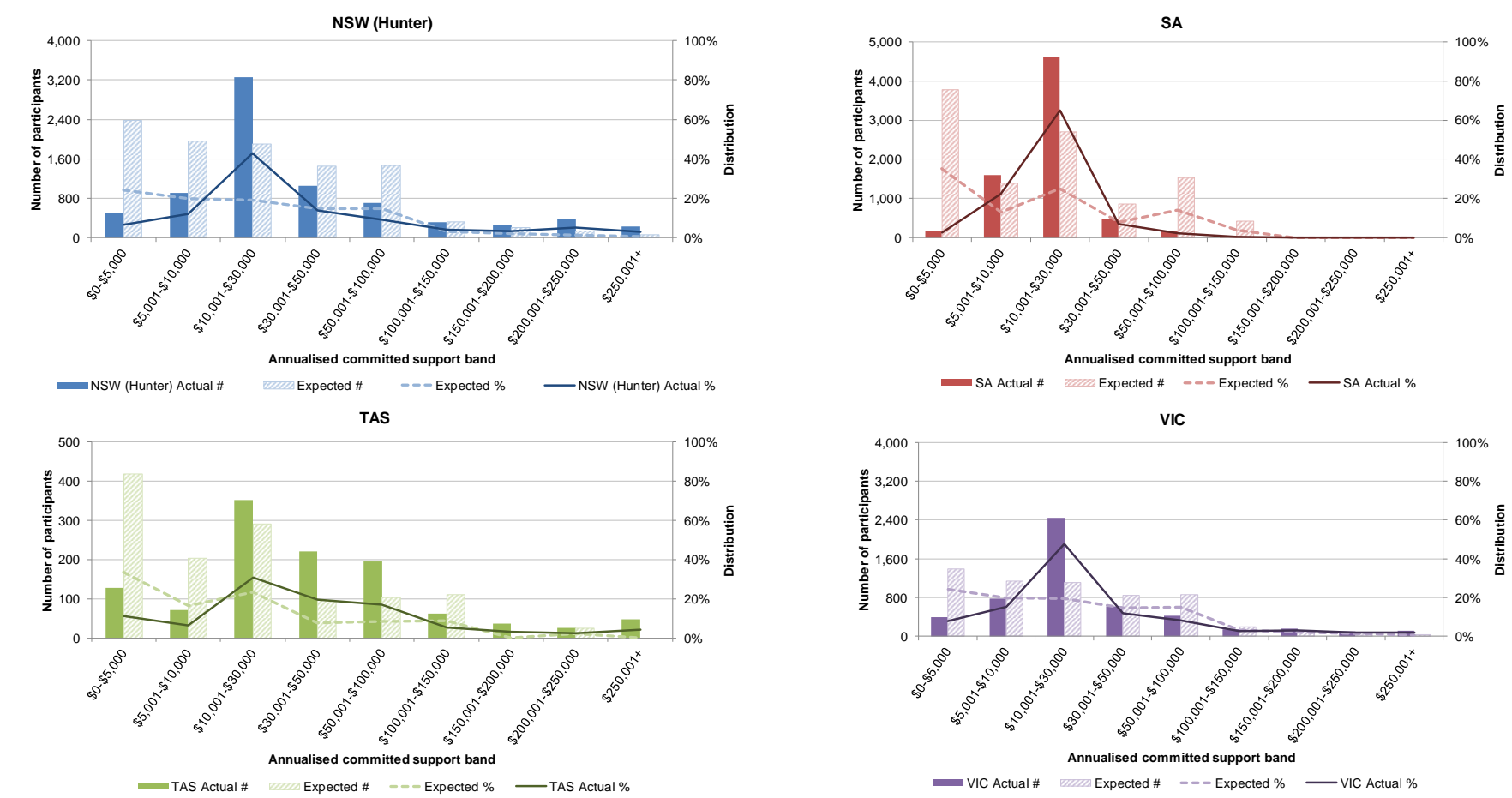
Consistent with previous results, across all trial sites the distribution of support packages differs from expectations. In particular, fewer low cost participants than expected have entered the scheme, and fewer medium cost participants have entered the scheme (with the exception of the \$10,000 to \$30,000 groups). The number of high cost participants is largely in line with expected (Figure 7, Figure 8 and Figure 9).

The distribution of cost is highly skewed towards a small number of participants with high cost packages (Figure 5) – specifically, of the 12,366 active participants with approved plans in the New South Wales (Hunter) and Victorian trial sites excluding the Stockton, Kanangra and Colanda large residences, 8,302 participants have an annualised package cost of less than \$30,000 (67%).

The total annualised package cost of the 8,302 participants with support packages of less than \$30,000 in the New South Wales (Hunter) and Victorian trial sites is \$116.1 million which represents only 23% of total committed supports. On the other hand, the total annualised package cost of the 1,282 participants with support packages of more than \$100,000 is \$241.3 million which represents 49% of total committed supports.¹⁰ Therefore, the total cost of the scheme will be driven by the relatively few participants with high cost plans.

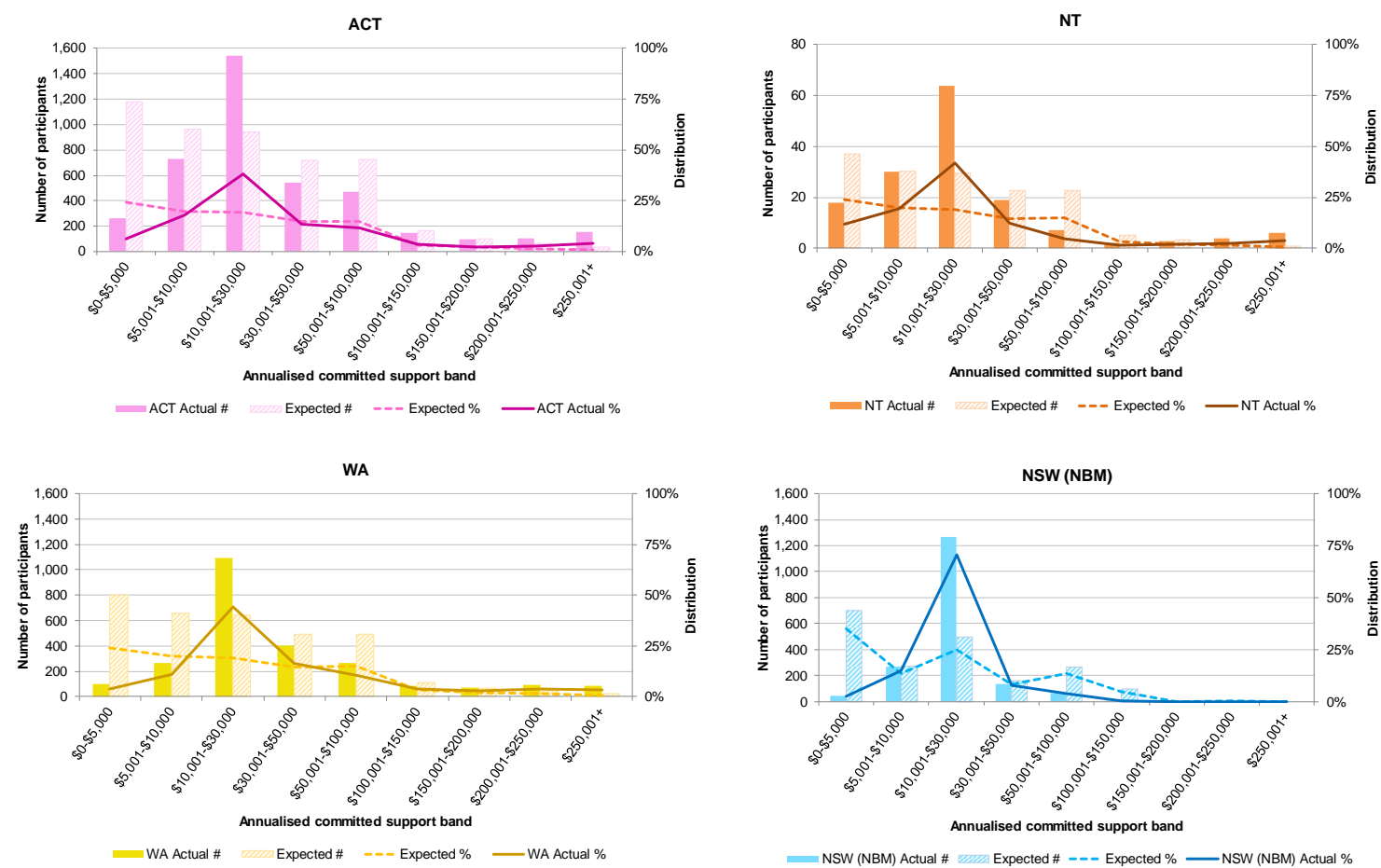
¹⁰ Stockton and Kanangra are large residences in the Hunter trial site and Colanda is a large residence in the Barwon trial site. This is a high concentration of high cost people in one geographical area. For this reason Stockton, Kanangra and Colanda have been excluded from this analysis.

Figure 7 Distribution of package costs by trial site – NSW (Hunter), SA, TAS and VIC trial sites¹¹



¹¹ The vertical axis is different for each trial site

Figure 8 Distribution of package costs by trial site – ACT, NT, WA, and NSW (Nepean Blue Mountains) sites¹²



¹² The vertical axis is different for the Northern Territory trial site.

Figure 9 Distribution of package costs by trial site – Queensland site

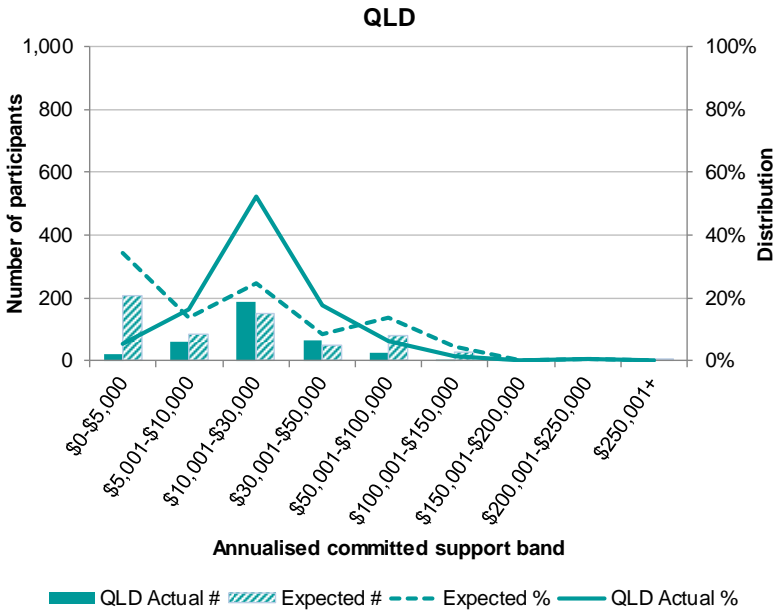
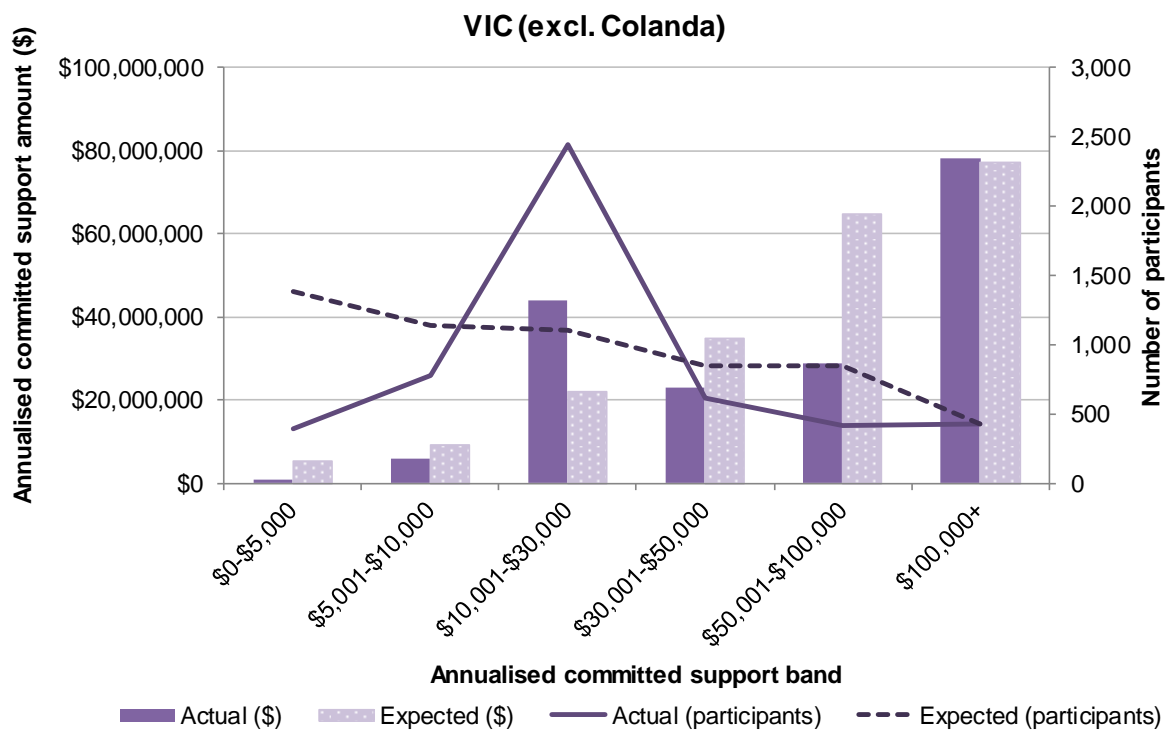
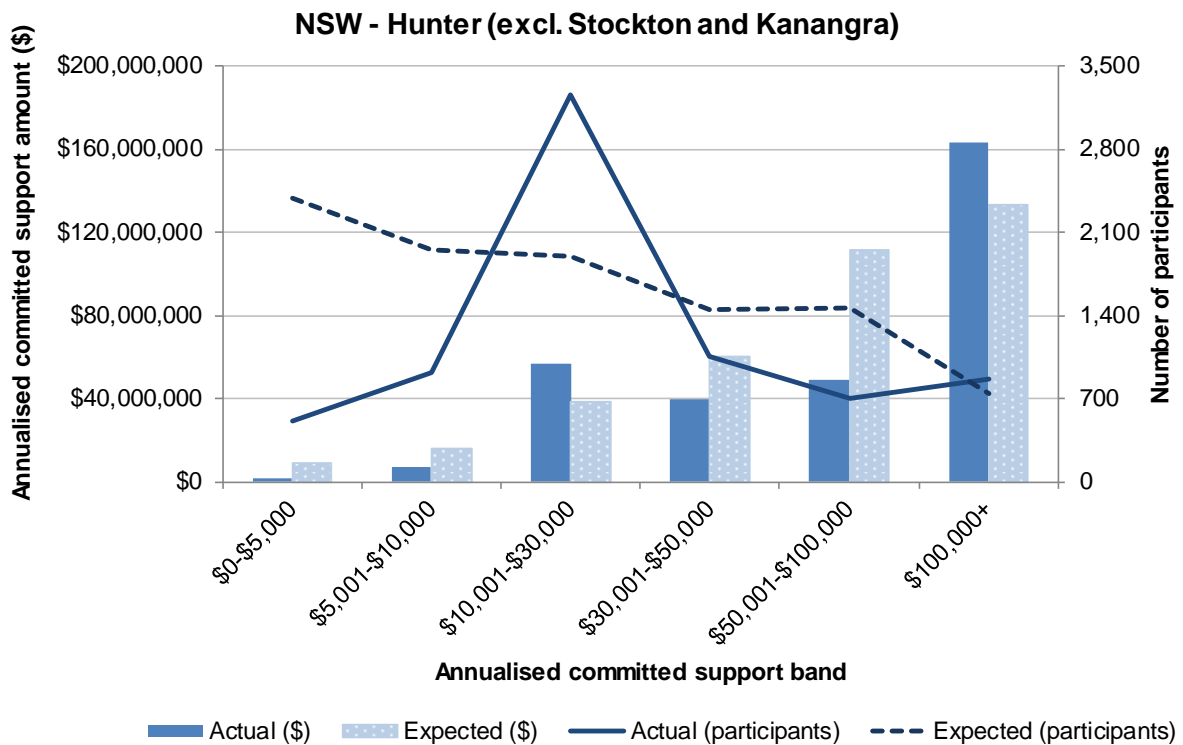


Figure 10 Total package costs and number of participants by trial site and annualised committed support band



Continuous improvement

The National Disability Insurance Agency continues to improve the scheme in response to scheme experience. This aims to ensure that the objectives of the scheme are being met for participants, and the scheme remains financially sustainable.

Two pieces of work that will continue to assist with achieving participant outcomes and financial sustainability are the development of the reference packages and the development of an outcomes framework.

Reference packages

Reference packages are being developed to assist with detailed monitoring of scheme experience, including analysis of potential cost drivers. Reference packages aim to provide an annual benchmark funding level of support for participants with similar support needs and characteristics. Reference packages also allow a referential link between resource allocation to individual participants (that is, the amount of funded support provided to each individual participant) and the overall funding envelope.

Reference packages have been progressively rolled out from February 2015 and data have now been collected for approximately 16,500 participants.

Note: the reference package is not a benchmark used to determine the support a participant receives, but rather allows detailed monitoring to be undertaken.

Outcomes framework

Work has been undertaken to develop an outcomes framework for measuring participant and family/carer outcomes. The development of this outcomes framework considers how outcomes can be measured at the scheme level as well as the individual level.

The development of this framework has involved consideration of a number of domestic and international frameworks, and has included consultations with a range of experts and stakeholders, including the Independent Advisory Council.

The framework includes eight participant domains – choice and control, daily activities, relationships, home, health and wellbeing, lifelong learning, work, and social, community & civic participation – as well as outcomes related specifically to families/carers.

The outcomes framework was piloted in the first three months of 2015. The results of the pilot, along with feedback from consultation with the disability sector were used to refine the framework. The results of the pilot study were released publicly in December 2015:

<http://www.ndis.gov.au/document/outcomes-framework-pilot>

The NDIS outcomes framework has been collected for approximately 13,290 participants and 10,566 family/carers.

Both reference packages and the outcomes framework have been built into the IT system for Transition and will be crucial in the monitoring and management of the NDIS.

Appendix A

This appendix provides a comparison of the number of participants in the scheme to date compared with the actuarial baseline model.

Table A.1 Participants compared with the actuarial baseline model

1 July 2013 to 30 June 2016	NSW (Hunter)	SA	TAS	VIC	ACT	NT	WA	NSW (Nepean Blue Mountains)	QLD	Total
Number of expected participants (bilateral agreements) - (a) ^{13,14}	10,111	8,500	1,125	5,289	4,278	154	4,250	2,000	600	36,307
Number of expected participants (actuarial model) - (b)	9,902	10,712	1,245	5,736	4,890	154	3,330	2,000	600	38,570
Number of participants (active & inactive participants)	8,348	9,482	1,358	5,884	5,229	161	2,681	2,015	537	35,695
<i>Percentage deemed eligible compared with expected - (a)</i>	83%	112%	121%	111%	122%	105%	63%	101%	90%	98%
<i>Percentage deemed eligible compared with expected - (b)</i>	84%	89%	109%	103%	107%	105%	81%	101%	90%	93%
Number of participants with current approved plans (active & inactive participants)	7,805	7,118	1,162	5,284	4,098	155	2,494	1,804	361	30,281
<i>Percentage with approved plans compared with expected - (a)</i>	77%	84%	103%	100%	96%	101%	59%	90%	60%	83%
<i>Percentage with approved plans compared with expected - (b)</i>	79%	66%	93%	92%	84%	101%	75%	90%	60%	79%

¹³ Bilateral agreement targets are targets for approved plans, rather than participants. The NDIS funding responsibility begins from the date of first plan approval. There is a lag between a participant being deemed eligible and having their plan approved.

¹⁴ Where bilateral agreement targets are quarterly, the monthly target is pro-rated evenly across the months (e.g. monthly target is one third of quarterly target).