



Report on the sustainability of the scheme

1 July 2013 to 31 December 2015

January 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 31 December 2015.

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.
- **Participant numbers.** 25,875 participants were eligible for the scheme (104% of the bilateral target). This is an increase of 2,915 participants over the quarter. 22,281 participants had an approved plan (89% of the bilateral target), which is an increase of 2,523 participants over the quarter.
- **Total scheme costs.** Considering the number of participants who have entered the scheme and distribution of packages committed to these participants, the scheme is within the full scheme funding envelope.

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.

It is important to note that it is early stages in the roll out of the NDIS. Scheme experience will emerge over time and allow more thorough analysis of financial sustainability.

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 on the Western Australia NDIS My Way Model trial sites are published separately by the Western Australian Disability Services Commission.

Scheme experience (1 July 2013 to 31 December 2015)

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 31 December 2015 (Table 1):

- 25,875 participants were eligible for the scheme (104% of the bilateral target). This is an increase of 2,915 participants since 30 September 2015.
- 22,281 participants had an approved plan (89% of the bilateral target). This is an increase of 2,523 participants since 30 September 2015.
- The number of participants relative to the bilateral agreements is lower compared with the September 2015 results (104% and 109%), and the number of participants with approved plans relative to the bilateral agreements has also decreased compared with the September results (89% with 94%). This is largely due to the reduction in the number of plans approved in the South Australian trial site.
- 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. The number of participants in the scheme to date compared with the actuarial baseline model is included in Appendix A. 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 31 December 2015	NSW (Hunter)	NSW (Nepean Blue Mountains)	SA	TAS	VIC	ACT	NT	WA	Total
Number of expected participants (bilateral agreements) ^{1,2}	7,571	800	5,028	960	4,809	3,037	154	2,606	24,965
Number of participants (active & inactive participants)	6,445	945	6,794	1,166	5,102	3,332	120	1,971	25,875
<i>Percentage deemed eligible compared with expected</i>	85%	118%	135%	121%	106%	110%	78%	76%	104%
Number of participants with current approved plans (active & inactive participants)	5,804	488	5,348	1,065	4,795	2,947	117	1,717	22,281
<i>Percentage with approved plans compared with expected</i>	77%	61%	106%	111%	100%	97%	76%	66%	89%

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 (or in the case of Nepean Blue Mountains across four months), 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 and Figure 2 show participants with approved plans by month compared with the bilateral agreements and the actuarial model.

In the December 2015 quarter, plan reviews represented more than half of the plans approved in the New South Wales - Hunter (54% of plans), South Australian (88% of plans), Tasmanian (77% of plans), Victorian (90% of plans), Northern Territory (58%) and the Western Australia trial sites (51%).

In the South Australian trial site, the bilateral number of 5,085 was reached on 31 August 2015. Consequently there was a gradual reduction in the number of plans approved since September 2015. A new bilateral number of 8,500 participants has been agreed between the South Australian and Commonwealth governments and hence the number of participants in the South Australian site will increase over the remainder of 2015-16.

The number of participants receiving their first approved plan in the Australian Capital Territory trial site this quarter was within the bilateral target and the number of first plan approvals in the Northern Territory trial site has decreased from the September 2015 quarter. A number of plan reviews were undertaken in the Northern Territory trial site in the quarter.

The number of plan reviews in the trial sites which commenced on 1 July 2014 was higher than previous quarters as these trial sites have now been in place for more than a year, and plans are typically for a year.

On 1 July 2015, an early roll out to full scheme commenced in the New South Wales (Nepean Blue Mountains) site with plans being approved from 1 September 2015. The number of first approved plans have been gradually increasing in the December 2015 quarter.

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

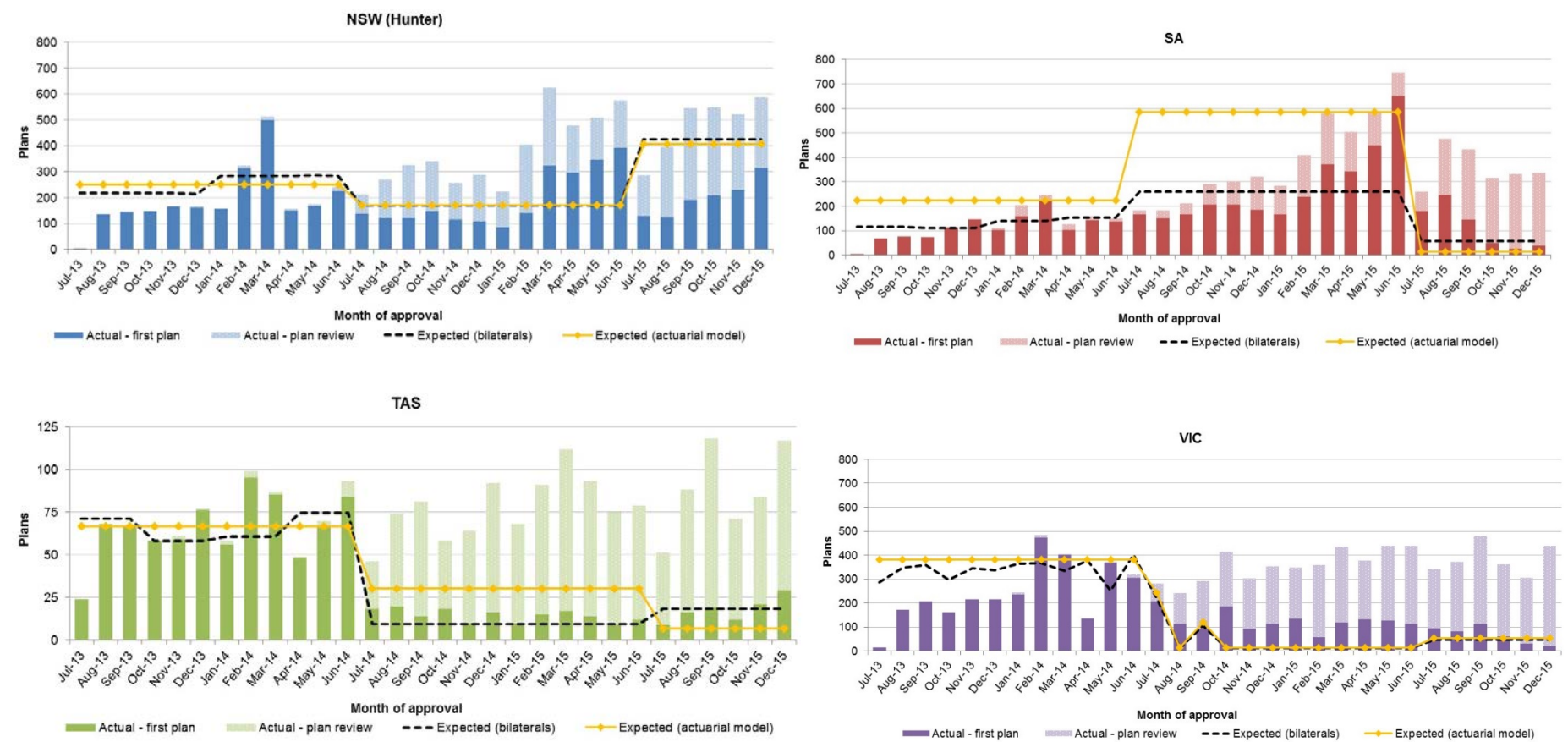
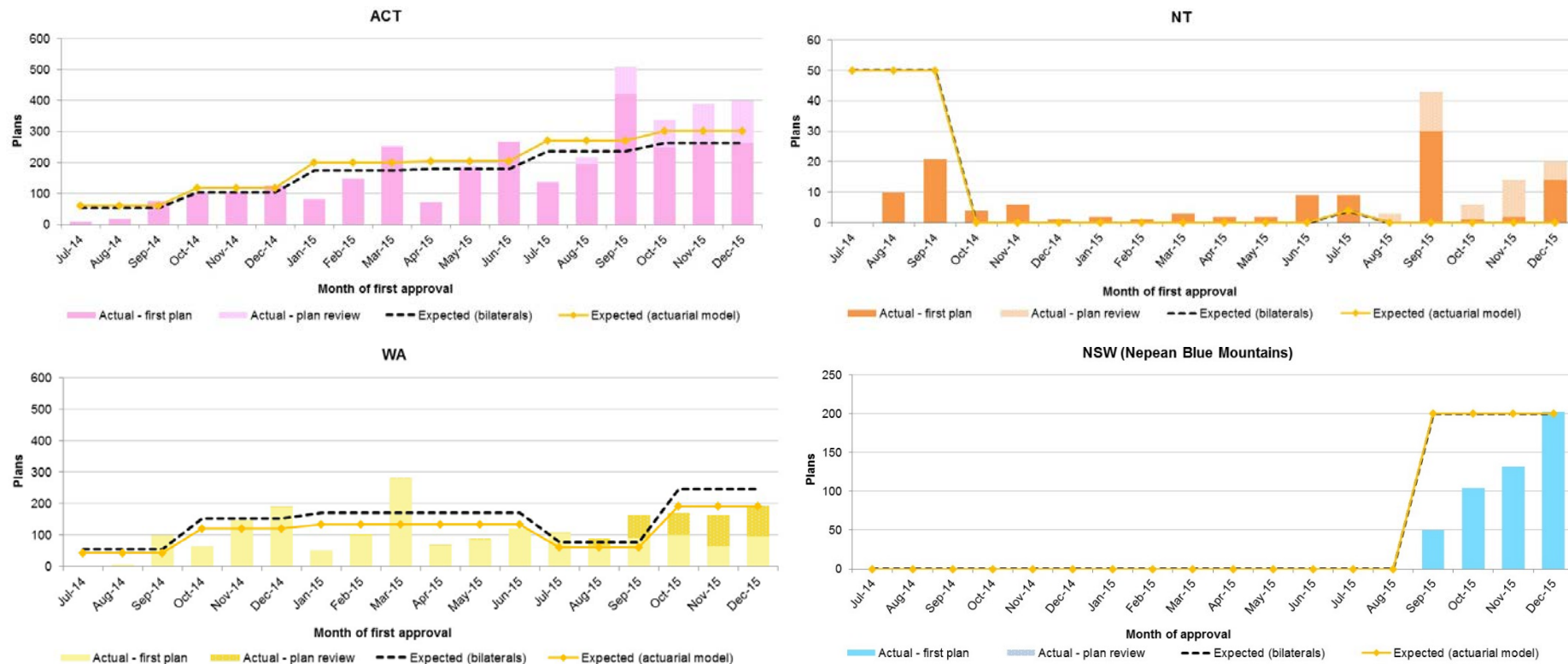


Figure 2 Participants with approved plans by month compared with the bilateral agreements and the actuarial model – ACT, NT, and WA trial sites and NSW (Nepean Blue Mountains) site³



³ The vertical axis is different for the Northern Territory and Nepean Blue Mountains sites.

Committed support

As at 31 December 2015, 22,281 participants (active and inactive) have approved plans, and \$1,521.0 million of support has been committed to these participants (Table 2).

Of this \$1,521.0 million:

- It is estimated that \$141.0 million (9%) 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).⁴
- \$502.4 million (33%) 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 110% of the funding envelope for 2014-15 (Table 2).

Note: committed support in 2014-15 exceeds the funding envelope – however, as not all committed support is being utilised it is unlikely that an actual deficit will arise. 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. Analysis undertaken indicates that the cost of the full scheme is in line with expected.

- \$722.1 million (47%) is estimated to be provided in 2015-16. The funding envelope based on the bilateral agreements for 2015-16 is \$871.9 million, including both cash and in-kind. Thus, for participants who have entered the scheme to date, committed support for 2015-16 is 83% of the funding envelope for 2015-16.
- \$155.5 million (10.2%) is expected to be provided in 2016-17 and beyond.

⁴ Note that the amount of committed supports expected to be provided in both 2013-14 and 2014-15 has increased since the end of these financial years. The main reasons for this increase include correction of errors in funded supports entered into Siebel, funded supports being added and quotes from providers being received and updated in plans.

Table 2 Committed support to date and amount committed to be provided in 2013-14, 2014-15, 2015-16 and 2016-17

Total			Total (excl. large residential centres)	
Expected to be provided (\$m)				
2013/14	\$141.0	9%	\$133.5	10%
2014/15	\$502.4	33%	\$433.7	33%
2015/16	\$722.1	47%	\$630.4	47%
2016/17	\$155.5	10.2%	\$131.6	10%
Total	\$1,521.0	100%	\$1,329.3	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		110%		95%
Funding envelope for 2015/16 (\$m)			\$871.9	
Expected to be provided in 2015/16 as a proportion of 2015/16 funding envelope		83%		72%

Actual payments

Actual payments to service providers (invoiced through the Siebel system) as at 31 December 2015 was \$565.8 million, of which \$73.8 million relates to supports provided in 2013-14, \$289.7 million relates to supported provided in 2014-15, and \$202.3 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 73% of all committed supports.
- Actual payments to date for all supports 68% of all committed supports

Trends in average package cost

The average annualised package cost across all trial sites at the end of December 2015 is \$39,583 including large residences (Stockton, Kanangra and Colanda)⁵, and \$35,450 excluding Stockton, Kanangra and Colanda.⁶ Average annualised package costs on a monthly basis are presented in Figure 3 and Figure 4.

The average package costs for participants in the trial sites that commenced on 1 July 2014 are not representative of the overall average cost due to the way that existing participants are being phased into the scheme. In the Northern Territory in particular four participants in shared supported accommodation with high support needs came into the scheme in November 2014.

The average annualised package cost in the New South Wales, South Australian, Tasmanian and Victorian trial sites is approximately \$39,543 including Stockton, Kanangra and Colanda, and approximately \$34,083 excluding Stockton, Kanangra and Colanda.

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 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.

Figure 3 Average annualised committed package cost by trial site – monthly averages (NSW - Hunter, SA, TAS and VIC)

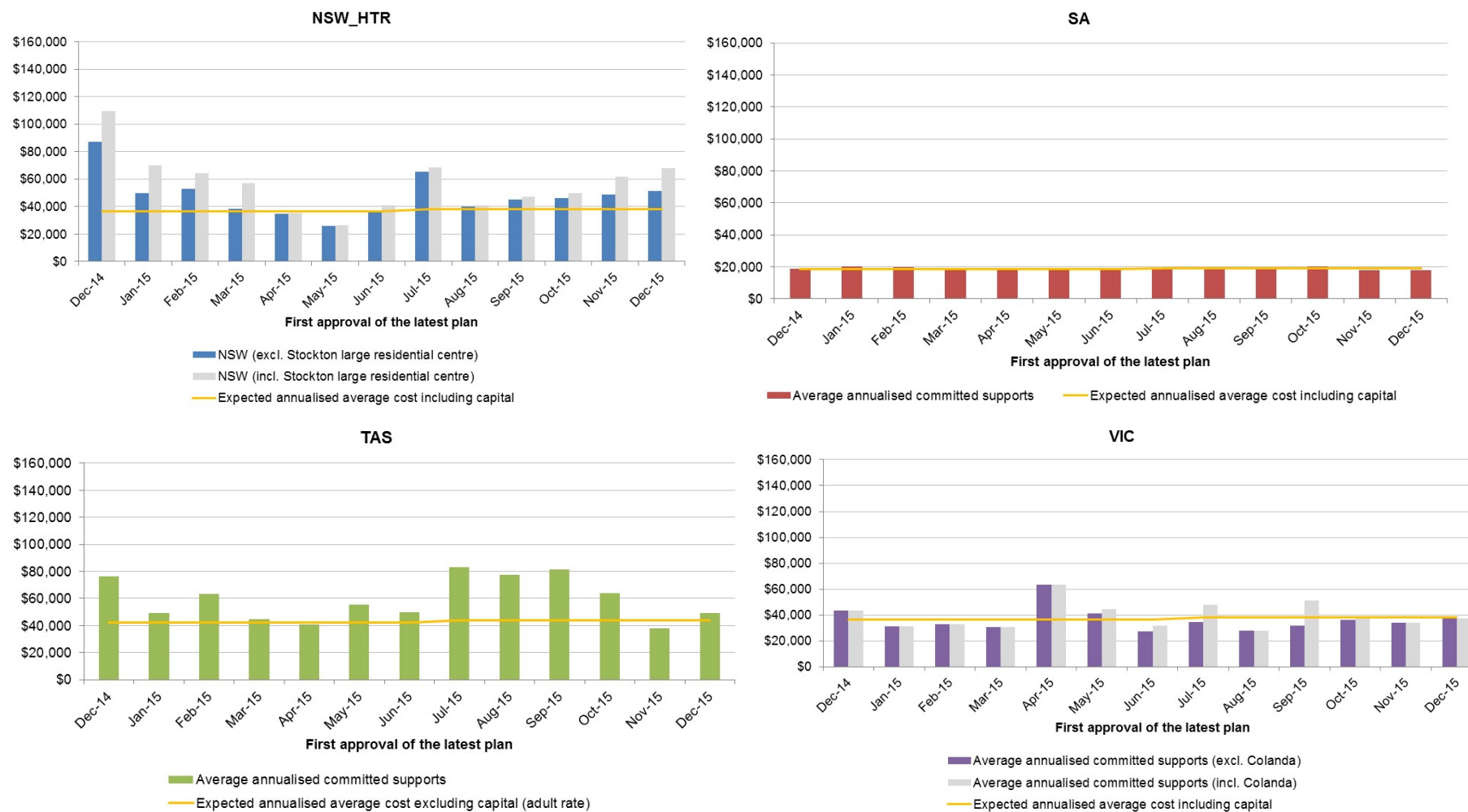
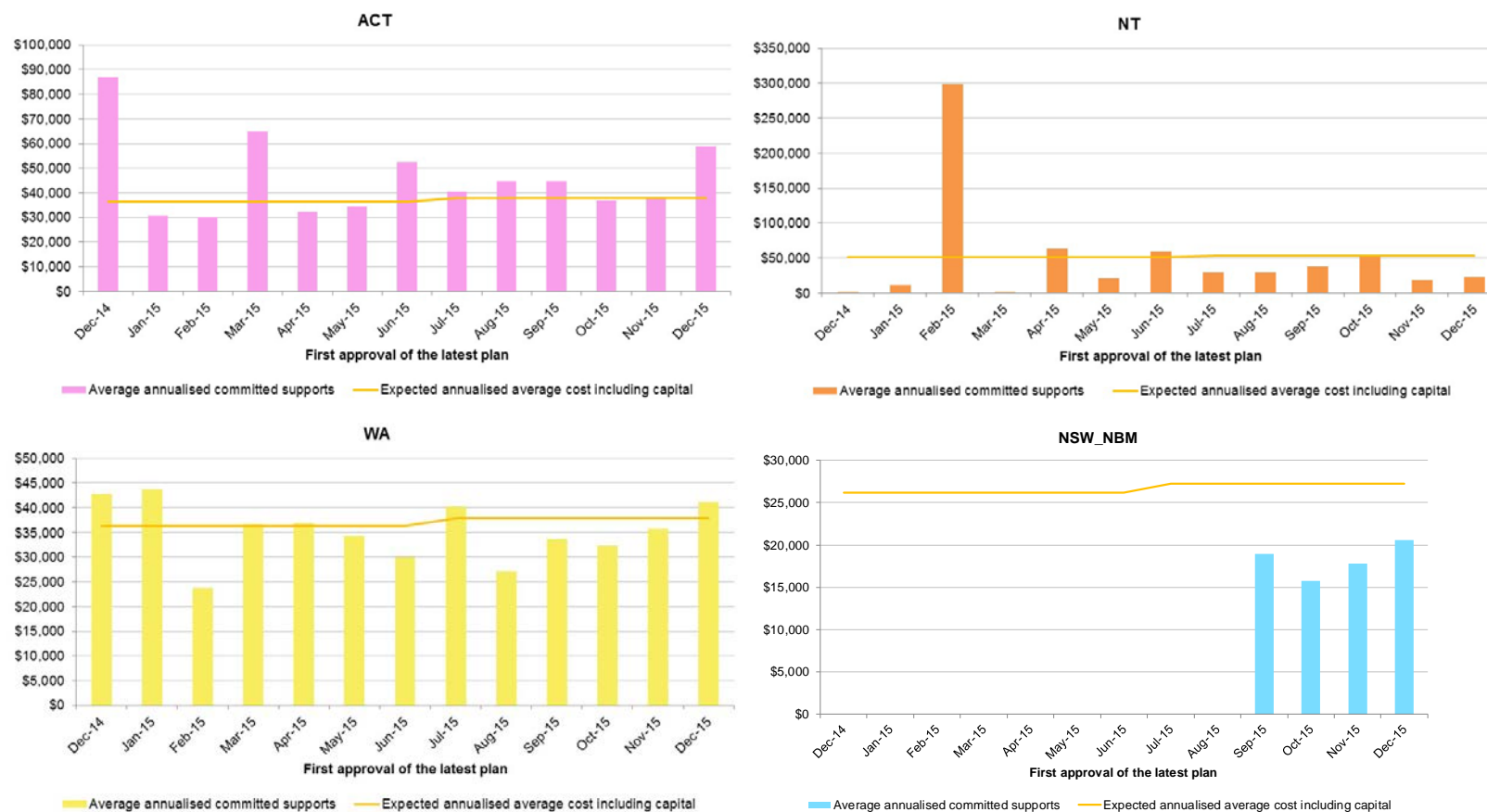


Figure 4 Average annualised committed package cost by trial site – monthly averages (ACT, NT, WA and NSW - Nepean Blue Mountains)^{7,8}



⁷ Note: the number of participants with approved plans in the Northern Territory is low. Hence numbers should be treated with caution.

⁸ The vertical axis is different for each trial site.

Distribution of package costs

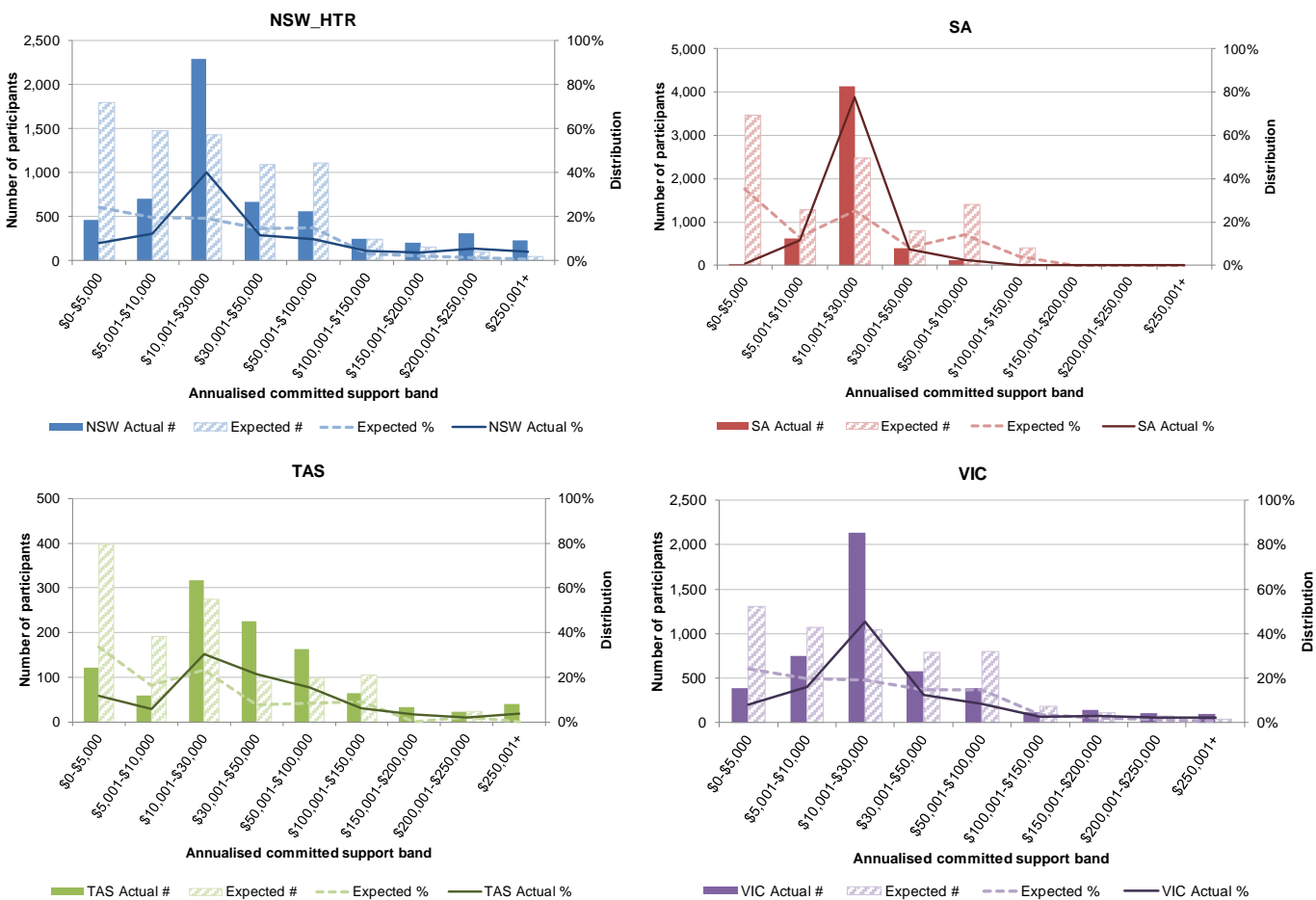
Consistent with the September 2015 results, across all trial sites the distribution of support packages differed from expectations. In particular, a higher proportion of low cost participants were expected compared with actual experience, and there is a higher proportion of participants receiving mid-range packages (\$10,000 to \$30,000) than expected. The number of high cost participants is in line with expected.

The distribution of cost is highly skewed towards a small number of participants with high cost packages—specifically, of the 9,962 active participants with approved plans in the New South Wales (Hunter) and Victorian trial sites excluding the Stockton, Kanangra and Colanda large residences, 6,722 participants have an annualised package cost of less than \$30,000 (67%).

The total annualised package cost of the 6,722 participants with support packages of less than \$30,000 is \$90.8 million which represents only 23% of total committed supports. On the other hand, the total annualised package cost of the 1,043 participants with (10%) support packages of more than \$100,000 is \$193.8 million which represents 49% of total committed supports.⁹ Therefore, the total cost of the scheme will be driven by the relatively few participants with high cost plans. Note: a relatively high number of group homes in the Hunter region in New South Wales compared with other regions. This is driving the higher proportion of high cost participants compared with the expected number of high cost participants.

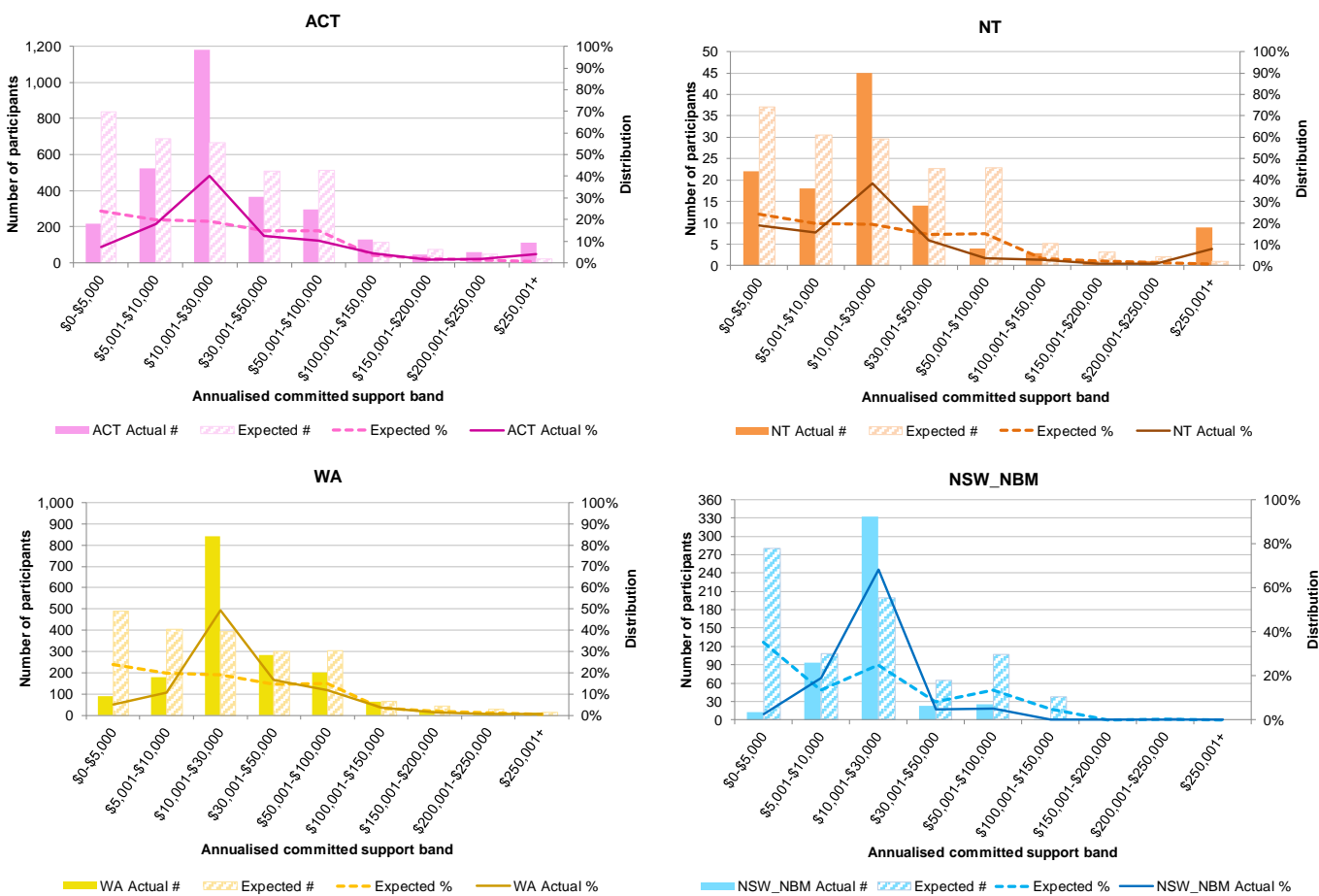
⁹ The Stockton, Kanangra and Colanda large residences result in high concentrations of high cost people in specific geographical areas. For this reason Stockton, Kanangra and Colanda have been excluded from this analysis.

Figure 5 Distribution of package costs by trial site – NSW (Hunter), SA, TAS and VIC trial sites¹⁰



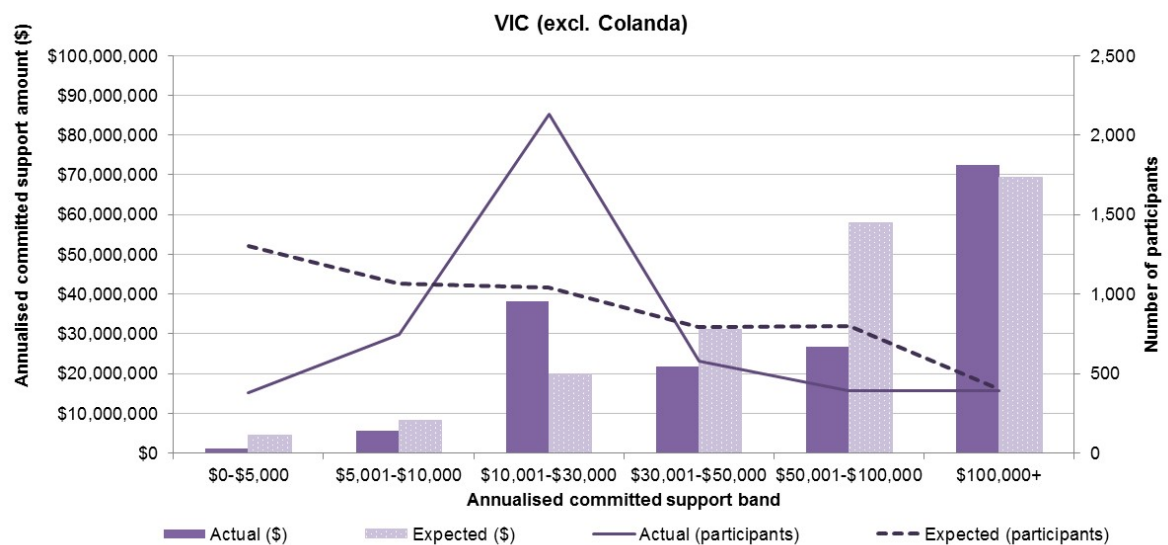
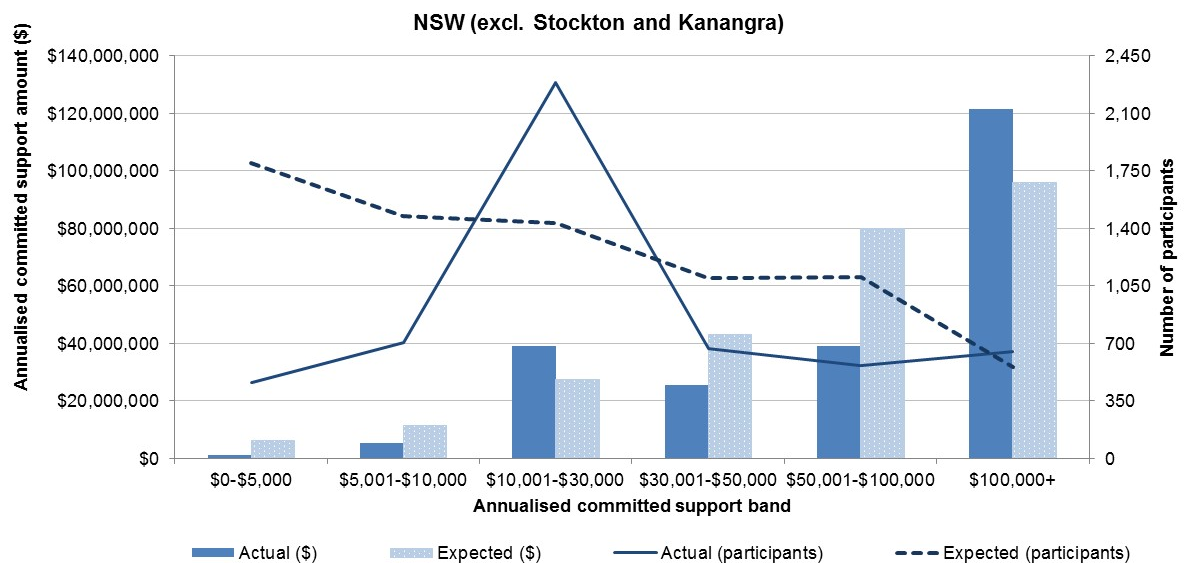
¹⁰ The vertical axis is different for each trial site

Figure 6 Distribution of package costs by trial site – ACT, NT, WA, and NSW (Nepean Blue Mountains) sites¹¹



¹¹ The vertical axis is different for all trial sites and the New South Wales (Nepean Blue Mountains) site

Figure 7 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.

A pilot of the reference packages commenced in February 2015 and data have now been collected for approximately 1,650 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 is 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 framework is currently being piloted in NDIA business processes.

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 31 December 2015	NSW (Hunter)	SA	TAS	VIC	ACT	NT	WA	NSW (Nepean Blue Mountains)	Total
Number of expected participants (bilateral agreements) - (a) ^{12,13}	7,571	5,028	960	4,809	3,037	154	2,606	800	24,965
Number of expected participants (actuarial model) - (b)	7,466	9,820	1,184	5,406	3,472	154	2,042	800	30,345
Number of participants (active & inactive participants)	6,445	6,794	1,166	5,102	3,332	120	1,971	945	25,875
Percentage deemed eligible compared with expected - (a)	85%	135%	121%	106%	110%	78%	76%	118%	104%
Percentage deemed eligible compared with expected - (b)	86%	69%	98%	94%	96%	78%	97%	118%	85%
Number of participants with current approved plans (active & inactive participants)	5,804	5,348	1,065	4,795	2,947	117	1,717	488	22,281
Percentage with approved plans compared with expected - (a)	77%	106%	111%	100%	97%	76%	66%	61%	89%
Percentage with approved plans compared with expected - (b)	78%	54%	90%	89%	85%	76%	84%	61%	73%

¹² 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.

¹³ Where bilateral agreement targets are quarterly (or in the case of Nepean Blue Mountains across four months), the monthly target is pro-rated evenly across the months (e.g. monthly target is one third of quarterly target).

