

Report on the sustainability of the scheme

1 July 2013 to 30 June 2015

July 2015

Prepared by the Scheme Actuary

Introduction

This report presents analysis on the scheme experience to 30 June 2015 for the seven NDIS trial sites, including:

- **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 1.63.
- **Participant numbers.** 19,817 participants were eligible for the scheme (107% of the bilateral target). This is an increase of 3,168 participants over the quarter. 17,303 participants had an approved plan (94% of the bilateral target), which is an increase of 3,693 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.

Scheme experience (1 July 2013 to 30 June 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 1.63, consistent with the March results.

Participants

As at the 30 June 2015 (Table 1):

- 19,817 participants were eligible for the scheme (107% of the bilateral target). This is an increase of 3,168 participants since 31 March 2015.
- 17,303 participants had an approved plan (94% of the bilateral target). This is an increase of 3,693 participants since 31 March 2015.
- The number of participants relative to the bilateral agreements is higher compared with the end of March 2015 results (107% compared with 104%), and the number of participants with approved plans relative to the bilateral agreements is also higher compared with the end of March 2015 results (94% compared with 85%).
- 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 30 June 2015 | NSW | SA | TAS | VIC | ACT | NT | WA | Total |
|---|-------|-------|-------|-------|-------|-----|-------|--------|
| Number of expected participants (bilateral agreements) | 5,030 | 4,688 | 906 | 4,521 | 1,537 | 150 | 1,642 | 18,474 |
| Number of participants (active & inactive participants) | 4,964 | 5,521 | 1,079 | 4,740 | 2,045 | 68 | 1,400 | 19,817 |
| <i>Percentage deemed eligible compared with expected</i> | 99% | 118% | 119% | 105% | 133% | 45% | 85% | 107% |
| Number of participants with current approved plans (active & inactive participants) | 4,605 | 4,660 | 959 | 4,392 | 1,427 | 61 | 1,199 | 17,303 |
| <i>Percentage with approved plans compared with expected</i> | 92% | 99% | 106% | 97% | 93% | 41% | 73% | 94% |

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.

The number of participants receiving their first approved plan was significantly higher in the South Australian trial site in the June 2015 quarter compared with previous quarters (Figure 1). The increase in the South Australian trial site is driven by an increase in the number of planners in March, May and June 2015.

In the June 2015 quarter, plan reviews represented more than half of plans approved in the Victorian and Tasmanian trial sites (70% and 85% respectively), whilst in the New South Wales trial site 34% of plan approvals were plan reviews, and in the South Australian trial site 22% of plan approvals were plan reviews.

In the June 2015 quarter, there was a lower level of plan approvals in the Western Australian trial site compared with previous quarters as plan support co-ordinators focused on plan implementation (Figure 2).

The number of participants in the scheme in the Northern Territory trial site increased in June 2015, with an additional nine participants receiving an approved plan.

The number of plans approved in the Australian Capital Territory trial site was similar in the June 2015 quarter compared with the March 2015 quarter.

Note: the Northern Territory and Western Australian trial sites did not schedule any plan approvals in the first month of operations.

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

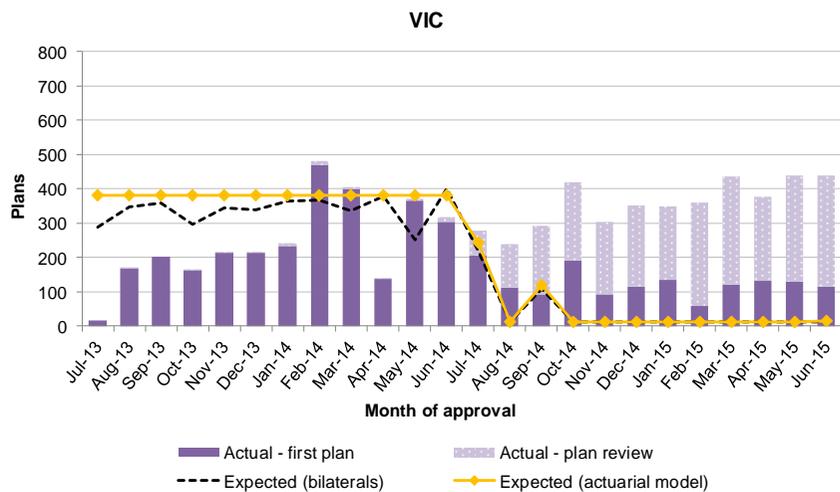
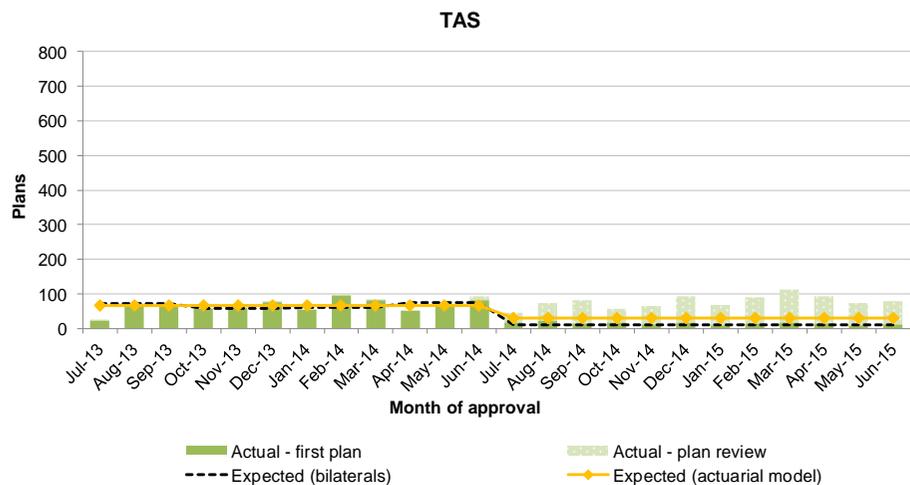
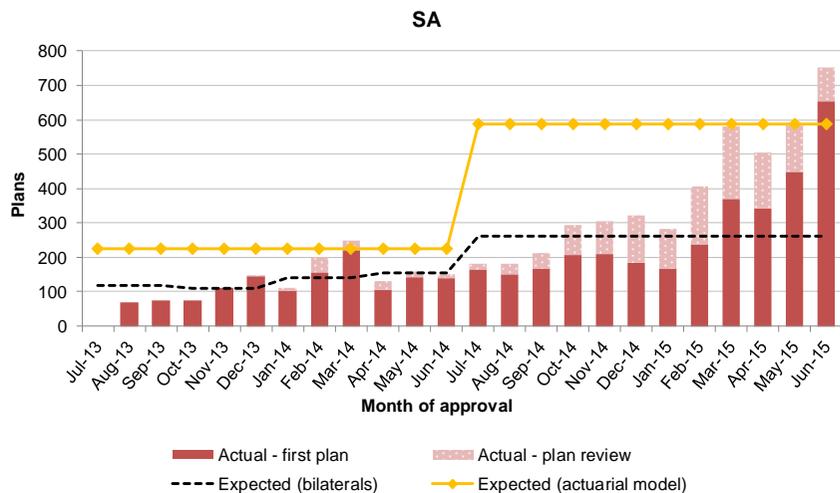
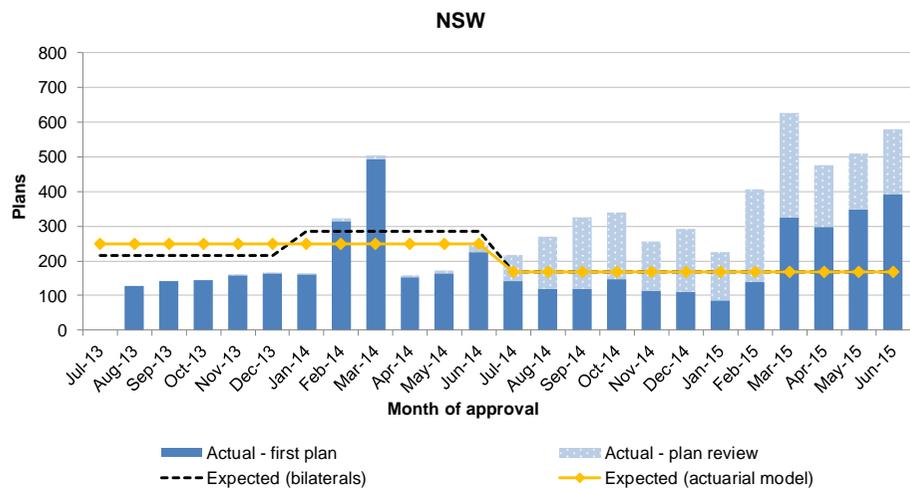
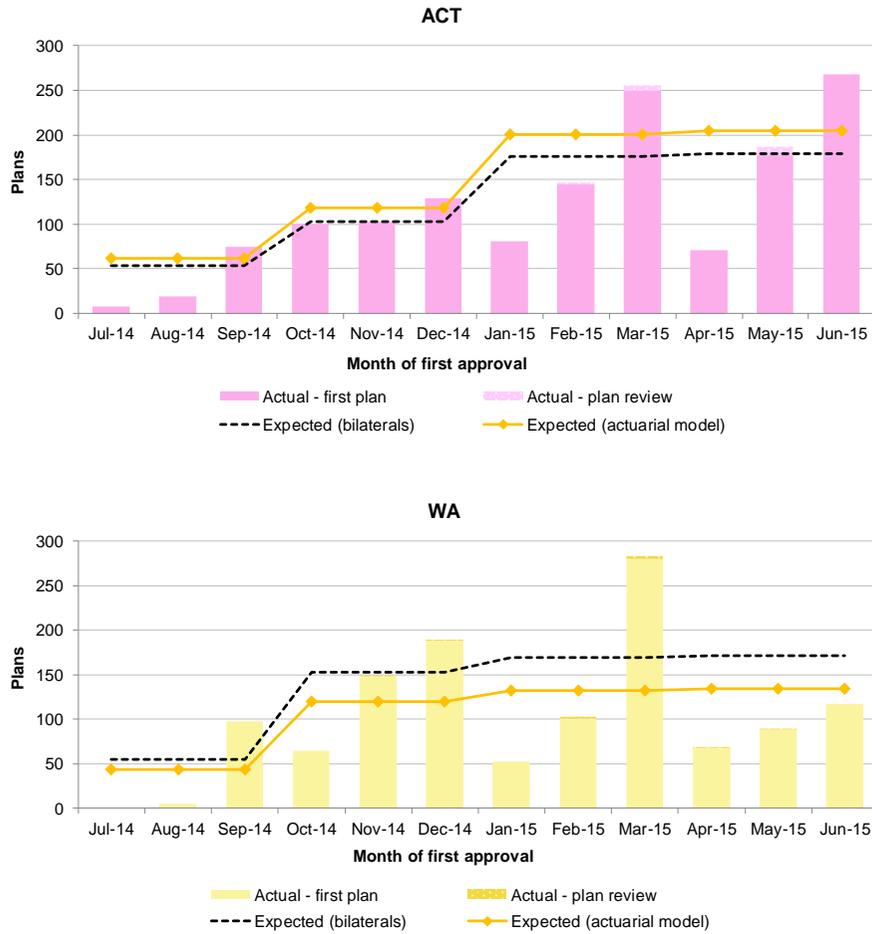


Figure 2 Participants with approved plans by month compared with the bilateral agreements and the actuarial model – ACT, NT and WA trial sites¹



¹ The vertical axis is different for the NT trial site.

Committed support

As at 30 June 2015, 17,303 participants (active and inactive) have approved plans, and \$952.8 million of support has been committed to these participants (Table 2).

Of this \$952.8 million:

- It is estimated that \$140.0 million (15%) 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 94% of the funding envelope (Table 2).²
- \$479.9 million (50%) 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 105% of the funding envelope for 2014-15 (Table 2).³
- \$332.9 million (35%) is estimated to be provided in 2015-16 and beyond, noting that this is all for participants who entered the scheme prior to 30 June 2015 and have a current plan that extends beyond this date.

Stockton and Kanangra (two large residences in the Hunter trial site) and Colanda (a large residence in the Barwon trial site) impact the funding envelope significantly – removing these large residences from the analysis results in committed support of \$838.2 million (a reduction of \$114.7 million).

Current projections of committed support in 2014-15 would indicate a small deficit by the end of 2014-15 – however, as not all committed support has been provided to participants it is unlikely that an actual deficit will arise. Note: 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.

² Note that the amount of committed supports expected to be provided in 2013-14 has increased since the end of June 2014. 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.

³ On a committed support basis the funding envelope has been exceeded for 2014-15. However, as not all support has been invoiced the NDIS will be under the funding envelope for 2014-15.

Table 2 Committed support to date and amount committed to be provided in 2013-14, 2014-15 and 2015-16^{4,5}

| | Total | | Total (excl. large residential centres) | |
|--|----------------|-------------|---|-------------|
| Expected to be provided (\$m) | | | | |
| 2013/14 | \$140.0 | 15% | \$132.7 | 16% |
| 2014/15 | \$479.9 | 50% | \$411.1 | 49% |
| 2015/16 | \$332.9 | 35% | \$294.3 | 35% |
| Total | \$952.8 | 100% | \$838.2 | 100% |
| Funding envelope for 2013/14 (\$m) | \$148.8 | | \$148.8 | |
| Expected to be provided in 2013/14 as a proportion of 2013/14 funding envelope | | 94% | | 89% |
| Funding envelope for 2014/15 (\$m) | \$456.9 | | \$456.9 | |
| Expected to be provided in 2014/15 as a proportion of 2014/15 funding envelope | | 105% | | 90% |

Actual payments

Actual payments to service providers as at 30 June 2015 were \$330.9 million, of which \$73.4 million relates to supports provided in 2013-14⁶.

Actual payments to date:

- for supports provided in 2013-14 represent 52% of all committed supports expected to have been provided in that year, and 60% if the additional off-system in-kind payments are included.
- for all supports provided to date represent 53% of committed supports expected to have been provided in the first eighteen months of the scheme, and 64% if the additional off-

⁴ Supported accommodation in 2013-14 was excluded from the Tasmanian estimate as this was paid for by the Tasmanian State government.

⁵ State governments have not made all monthly payments.

⁶ The off-system reconciliation process undertaken to date to determine the amount of in-kind provided in 2013-14 indicates that a further \$11.2 million of supports were provided in-kind in 2013-14. In addition, an estimated \$54.1 million of in-kind committed supports provided in 2014-15 have not yet been paid. Work is underway on the 2014-15 in-kind off-system reconciliation. This will result in an increase in the \$54.1 million already identified as in-kind not invoiced.

system in-kind payments for 2013-14 and the estimated 2014-15 in-kind supports that have not yet been invoiced are included.⁷

Trends in average package cost

The average annualised package cost across all trial sites at the end of June 2015 is approximately \$38,423 including large residences (Stockton, Kanangra and Colanda)⁸, and approximately \$33,597 excluding Stockton, Kanangra and Colanda.⁹ 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.

The average annualised package cost in the New South Wales, South Australian, Tasmanian and Victorian trial sites is approximately \$37,981 including Stockton, Kanangra and Colanda, and approximately \$32,222 excluding Stockton, Kanangra and Colanda.

Note: the benchmark average annualised package cost for 2014-15 is \$36,750 reflecting the inflation factor included in the bilateral agreements.

As noted in the March 2015 report, the phasing of participants into the scheme affects the average annualised package cost. In particular:

- In the Victorian trial site, 73 participants from the Colanda large residence received their first approved plans in the month of October 2014. This had a significant impact on the average annualised package cost. In addition, there were a number of participants in shared supported accommodation who had a plan review in April 2015.
- In New South Wales, residents of the Stockton large residence began receiving approved plans in February 2014. There are currently 312 Stockton residents with approved plans and this significantly distorts average annualised package costs in this trial site. Further, in the December 2014 and March 2015 quarter, a number of shared supported accommodation participants were phased into the New South Wales trial site.

⁷ There is a lag between when supports are provided and when the scheme actually pays service providers for the support.

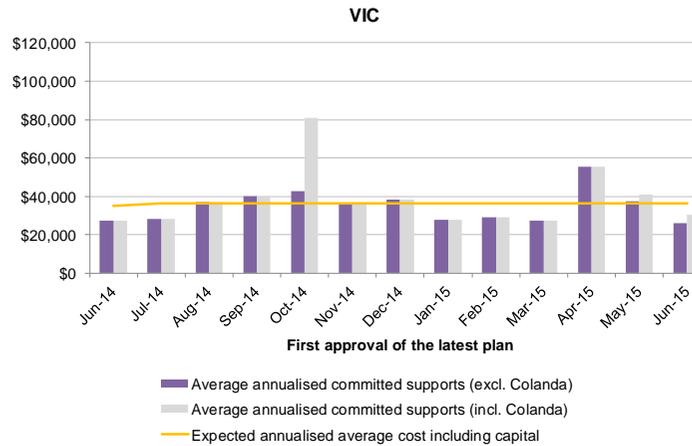
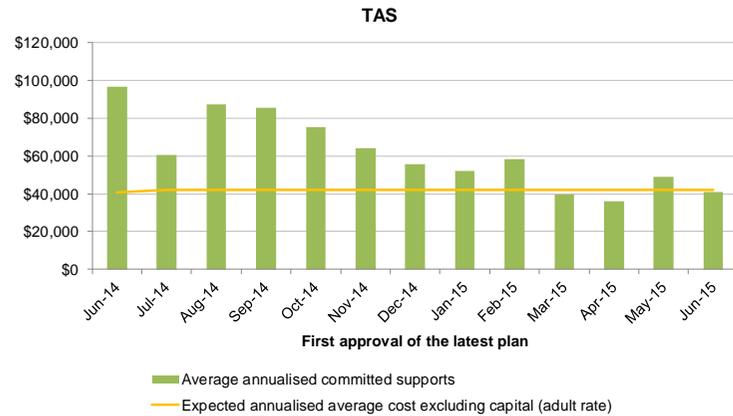
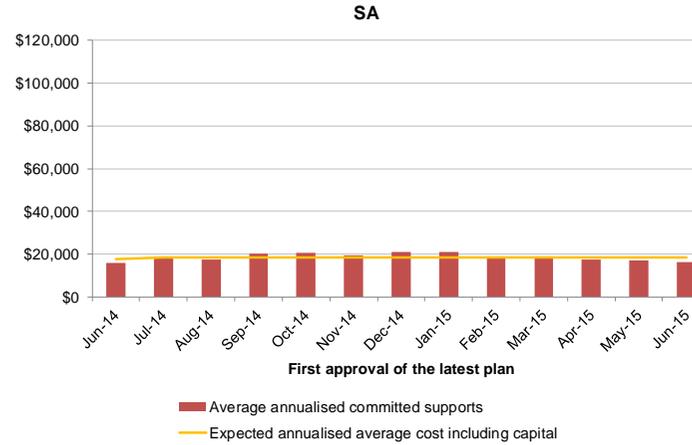
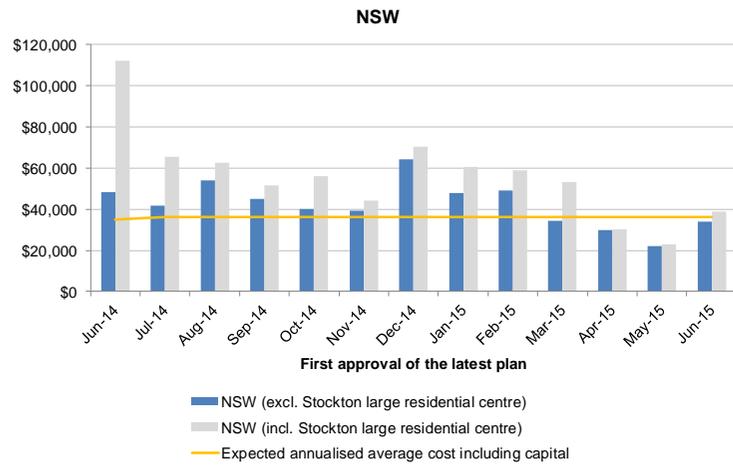
⁸ Stockton and Kanangra are large residences in the New South Wales trial site and Colanda is a large residential centre in the Victorian trial site.

⁹ New South Wales 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 326 Stockton and Kanangra residents with approved plans at the end of June 2015.

- In 2013-14, the supported accommodation costs for participants in existing shared supported accommodation arrangements were funded by the Tasmanian state government. This is now being funded by the NDIS resulting in an increase in average package costs for the trial site, in particular for the September 2014 quarter.

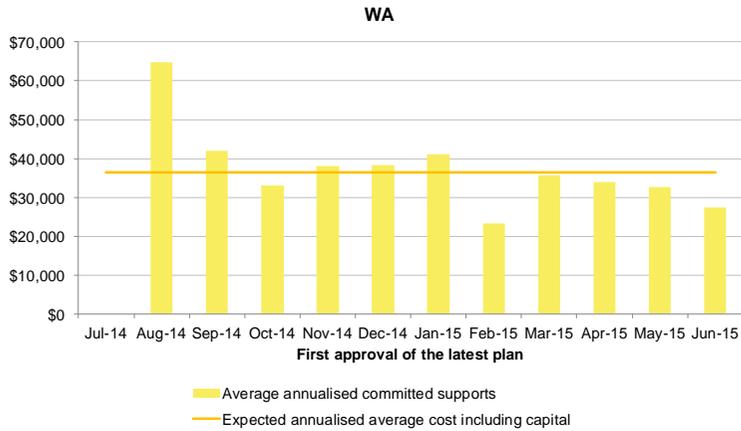
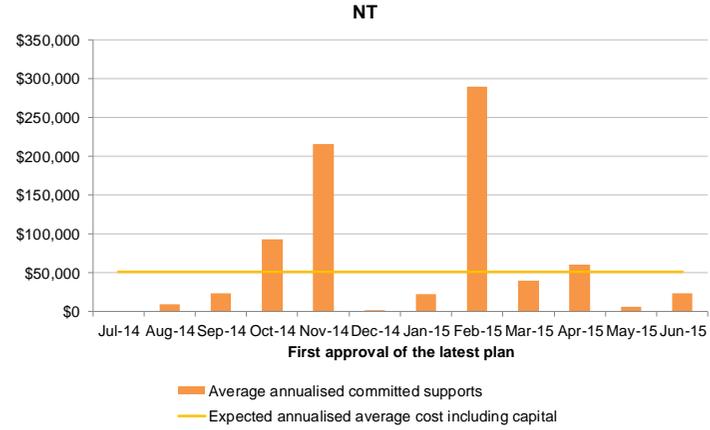
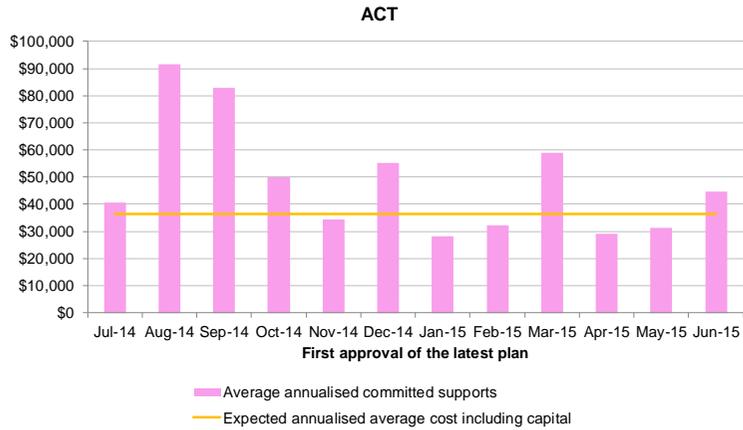
Note: Average annualised package cost is not an appropriate measure of scheme performance when considered in isolation from other metrics. It is important to consider the number of scheme participants, the distribution of packages committed to these participants and actual payments for supports provided. All of these factors contribute to the overall cost. Further, the projections and modelling presented in this report do not use average annualised package cost – the modelling focuses on the supports provided to participants over their lifetime, rather than considering annual package amounts.

Figure 3 Average annualised committed package cost by trial site – monthly averages¹⁰ (NSW, SA, TAS and VIC)



¹⁰ For Tasmania the average annualised committed supports include supported accommodation costs from 1 July 2014 onwards, as the cost of supported accommodation was funded by the Tasmanian state government in 2013-14.

Figure 4 Average annualised committed package cost by trial site – monthly averages (ACT, NT and WA)^{11, 12}



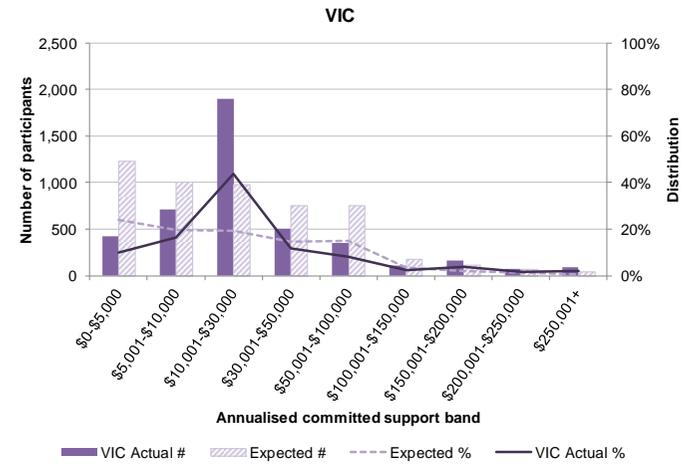
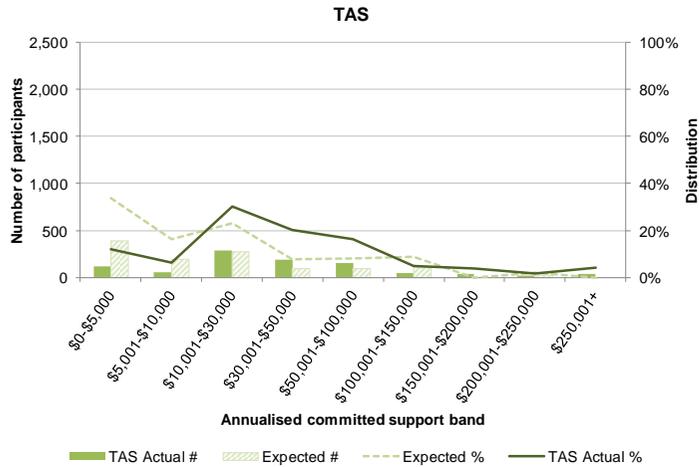
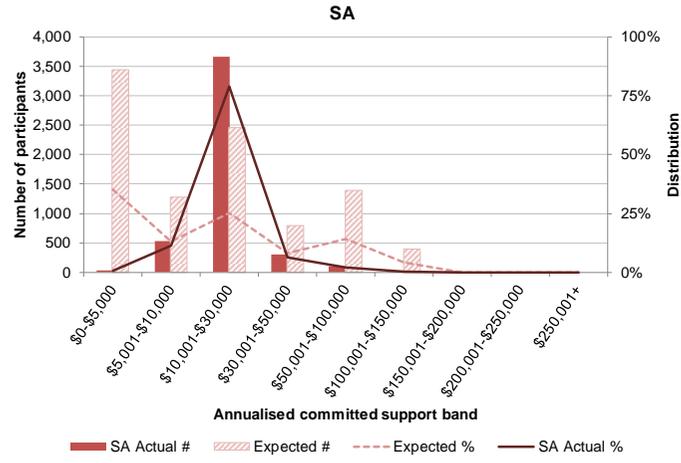
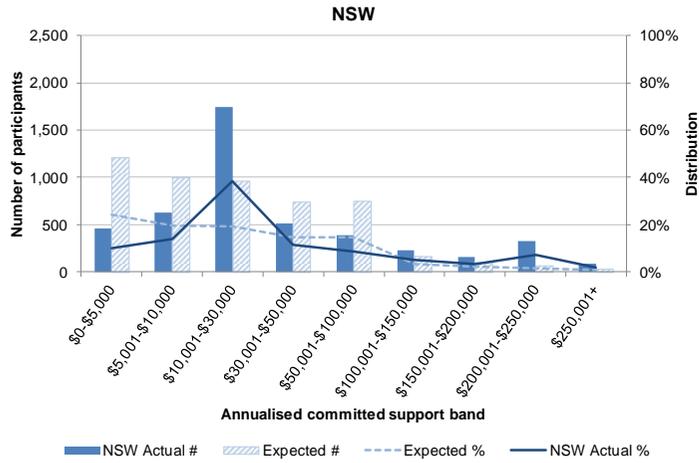
¹¹ Note: the number of participants with approved plans in the Northern Territory is low. Hence numbers should be treated with caution.

¹² The vertical axis is different for each trial site.

Distribution of package costs

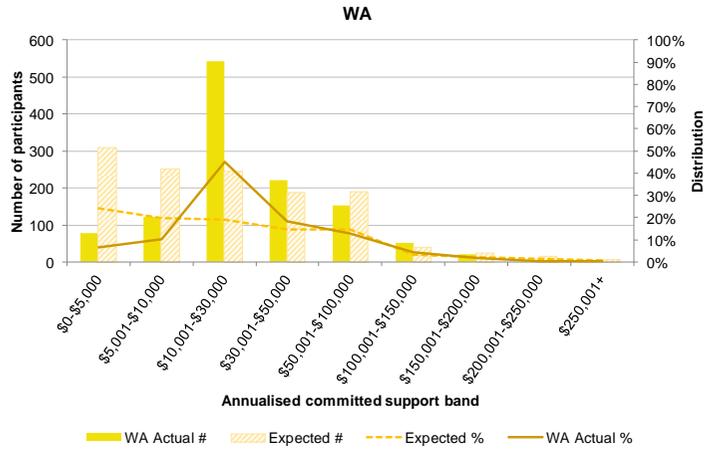
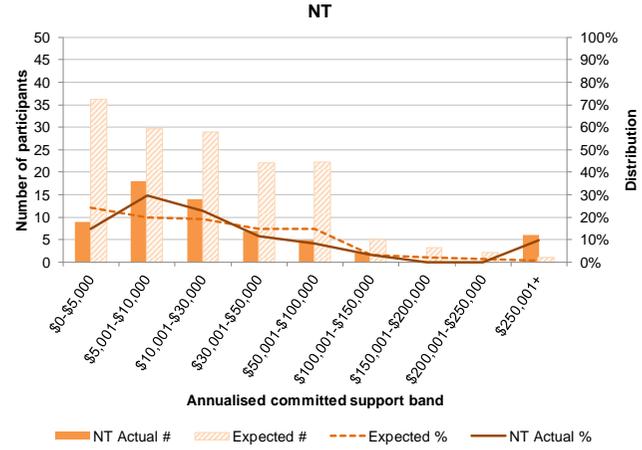
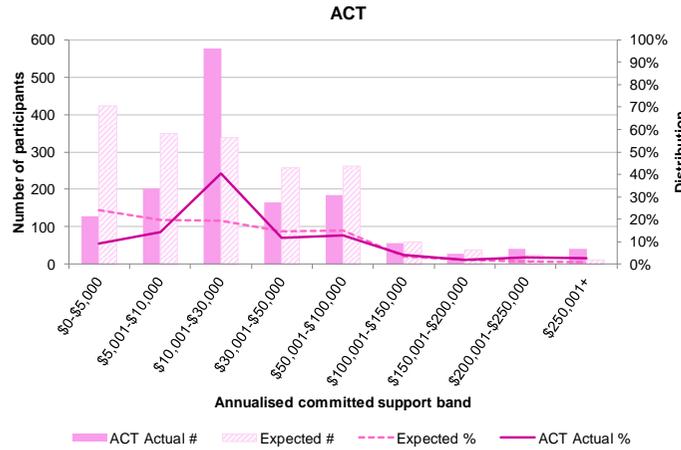
Across all trial sites the distribution of support packages differed from expectations (Figure 5 and Figure 6). In particular, a higher proportion of low cost participants were expected compared with actual experience, and there is a higher proportion of participants receiving mid-range packages than expected. The proportion of participants receiving high cost packages is largely in line with expected.

Figure 5 Distribution of package costs by trial site – NSW, SA, TAS and VIC trial sites¹³



¹³ The vertical axis is different for each trial site

Figure 6 Distribution of package costs by trial site – ACT, NT and WA trial sites¹⁴



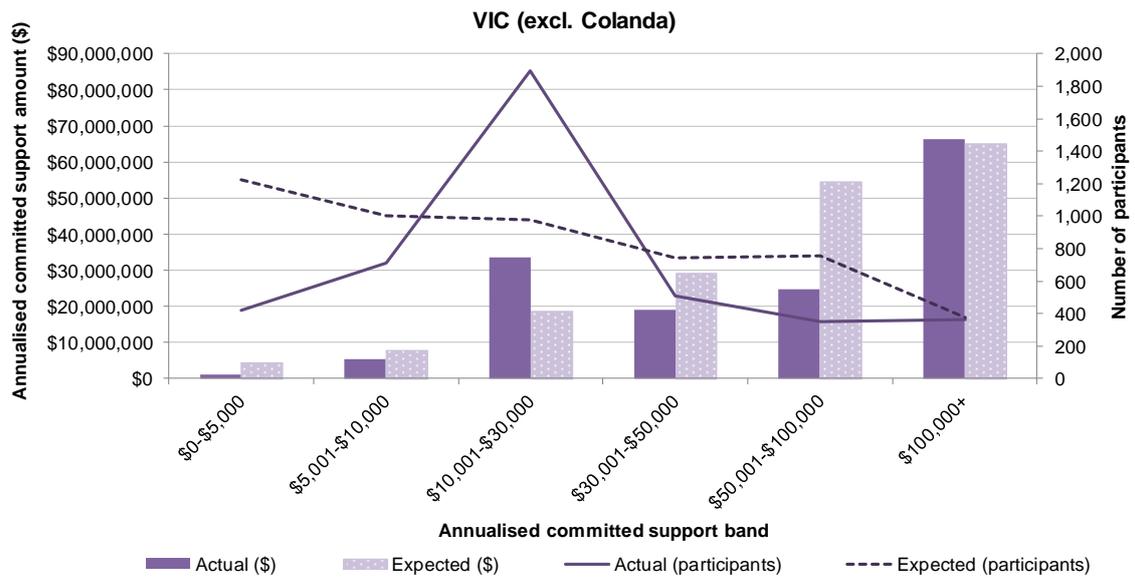
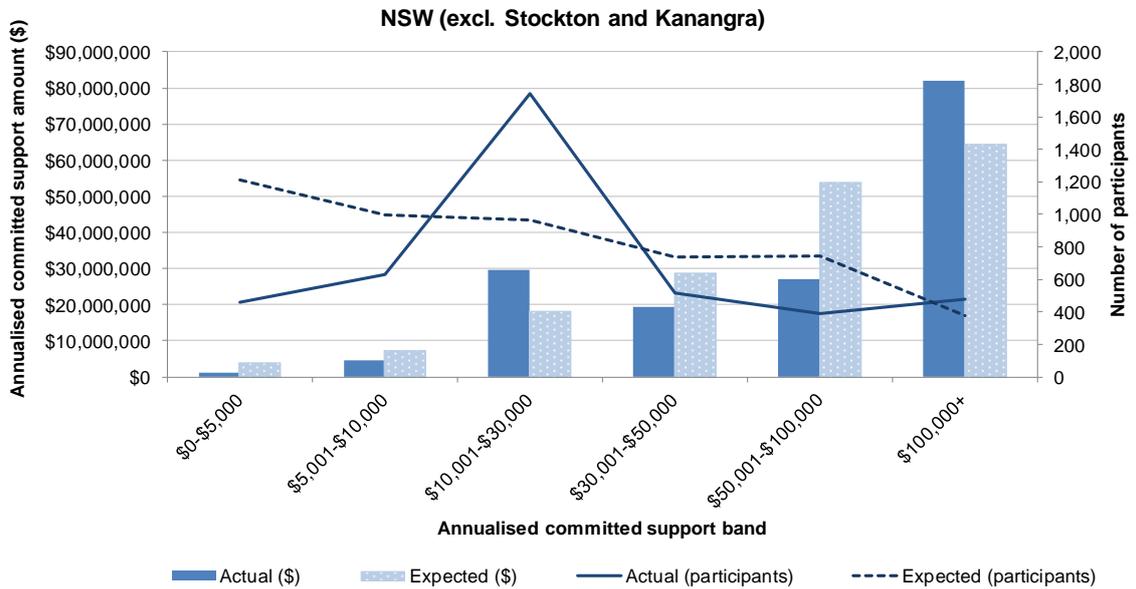
¹⁴ The vertical axis is different for the NT trial site

The distribution of cost is highly skewed towards a small number of participants with high cost packages (Figure 7). Of the 8,473 active participants with approved plans in the New South Wales and Victorian trial sites excluding the Stockton, Kanangra and Colanda large residences, 5,865 participants have an annualised package cost of less than \$30,000 (69%).

The total annualised package cost of the 5,865 participants with support packages of less than \$30,000 is \$75.9 million which represents only 24% of total committed supports. On the other hand, the total annualised package cost of the 841 participants with support packages of more than \$100,000 is \$148.2 million which represents 47% of total committed supports.¹⁵ Therefore, the total cost of the scheme will be driven by the relatively few participants with high cost plans.

¹⁵ 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 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 over 600 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 currently underway to develop an outcomes framework for measuring participant and family 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.

Once finalised, this framework will include 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.

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 are being used to improve the framework.

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 2015 | NSW | SA | TAS | VIC | ACT | NT | WA | Total |
|---|------------|-----------|------------|------------|------------|-----------|-----------|--------------|
| Number of expected participants (bilateral agreements) - (a) | 5,030 | 4,688 | 906 | 4,521 | 1,537 | 150 | 1,642 | 18,474 |
| Number of expected participants (actuarial model) - (b) | 5,030 | 9,733 | 1,164 | 5,083 | 1,757 | 150 | 1,287 | 24,203 |
| Number of participants (active & inactive participants) | 4,964 | 5,521 | 1,079 | 4,740 | 2,045 | 68 | 1,400 | 19,817 |
| <i>Percentage deemed eligible compared with expected - (a)</i> | 99% | 118% | 119% | 105% | 133% | 45% | 85% | 107% |
| <i>Percentage deemed eligible compared with expected - (b)</i> | 99% | 57% | 93% | 93% | 116% | 45% | 109% | 82% |
| Number of participants with current approved plans (active & inactive participants) | 4,605 | 4,660 | 959 | 4,392 | 1,427 | 61 | 1,199 | 17,303 |
| <i>Percentage with approved plans compared with expected - (a)</i> | 92% | 99% | 106% | 97% | 93% | 41% | 73% | 94% |
| <i>Percentage with approved plans compared with expected - (b)</i> | 92% | 48% | 82% | 86% | 81% | 41% | 93% | 71% |