

Annual Pricing Review 2021-22

Terms of Reference

Overview

1. The supply of disability goods and services in Australia is undergoing significant reform with the phased creation, commencing from 1 July 2013, of the National Disability Insurance Scheme (NDIS). The National Disability Insurance Agency (NDIA) has responsibility for administering the NDIS, and facilitating the markets for disability goods and services. Further information on the markets for disability goods and services can be found on the NDIS [website](#).
2. Where possible, the NDIA utilises market mechanisms to deliver the level of supply required to meet participant demand and deliver the required mix of goods and services, produced at market clearing (efficient) prices, to meet the needs of participants. However, in non-existent or underdeveloped markets, reliance on deregulated market mechanisms may not meet participant demands; may not deliver adequate supply; may not deliver the required mix of disability supports and may not produce efficient prices.
3. To address these issues, the NDIA has a role, as market steward, to create an efficient and sustainable marketplace through a diverse and competitive range of suppliers who are able to meet the structural changes created by a consumer-driven market. As market steward the NDIA has responsibility for:
 - (a) empowering people supported by the NDIS to exercise choice and control;
 - (b) maintaining and expanding the supply of high quality disability supports;
 - (c) driving efficiency and innovation in the market for those supports; and
 - (d) supporting the transition of the NDIS over the longer term to a more deregulated outcomes-based approach.
4. As part of its market stewardship role, the NDIA caps the prices that registered providers can charge for some supports and applies other price controls, including billing rules. These are set out in the *NDIS Pricing Arrangements and Price Limits* and associated documents, which are available on the NDIS [website](#).
5. During transition, price controls are in place to ensure that participants receive value for money in the supports that they receive. In the short to medium term, price controls are required for some disability supports because the markets for disability goods and services are not yet fully developed. The longer-term goal of the NDIA is to remove regulatory mechanisms from the markets for disability supports.
6. The NDIA continually monitors and reviews its price control framework and other market settings to determine whether they are still appropriate. This Annual Pricing Review is an important part of that monitoring and review process.

Scope of the Review

7. The Review will examine, through engagement with participants, providers and community and government stakeholders and targeted research, whether the Scheme’s existing price control framework (pricing arrangements and price limits) continues to be appropriate or should be modified.
8. In particular, the Review will:
 - (a) Examine options to simplify, where possible, the NDIS price control framework to better support participants to exercise choice and control, and to reduce, as far as possible, the regulatory burden that the pricing arrangements impose on participants and providers.
 - (b) Review the pricing arrangements and price limits for core supports, by:
 - (i) Examining the ongoing appropriateness of the methodology and parameters used in the *NDIS Cost Model for Disability Support Worker*, including through analysis of the most recent financial benchmarking data, paying particular regard to the outcomes of the Fair Work Commission’s 4 year review of modern awards—Social, Community, Home Care and Disability Services Award 2010 (AM2018/26);
 - (ii) Identifying any unintended consequences of the new pricing arrangements for group based community participation supports that were introduced on 1 July 2020, including the extent to which the arrangements impact on overhead costs and administrative complexity for providers and participants; and
 - (iii) Examining the extent to which the Temporary Transformation Payment arrangements have achieved their purpose and continue to provide value for money.
 - (c) Review the pricing arrangements for therapy and nursing supports, including whether the NDIS pricing arrangements are appropriately aligned with those in comparable Australian Government and state schemes, and with the private market for therapy supports, by
 - (i) Examining the nature of the markets for therapy and nursing services, including the extent to which the markets are made up of distinct segments, including in thin and undersupplied markets and in regional and remote areas;
 - (ii) Undertaking detailed benchmarking on therapy and nursing supports, including therapy assistants, against both relevant comparable Australian Government and state government schemes and the private mainstream markets; and
 - (iii) Examining the extent of competition in the market for therapy services.
 - (d) Review the pricing arrangements for support coordination and plan management to encourage innovation, improve quality of service and ensure value for money.
 - (e) Review the pricing arrangements that apply to supports delivered in regional, remote and very remote areas to ensure continued access to appropriate supports for participants living in those areas.
 - (f) Examine, in line with Recommendation 2 of the 2019 WA Market Review, whether the current economic conditions in states where economic trends are often counter cyclical to the trends in other states and territories (and, in particular, in Western Australia, Queensland and South Australia) are such as to require temporary adjustments to price controls in those states in order to proactively manage any potential impacts on the supply of disability goods and services.

9. In framing its recommendations, the Review will be cognisant of the objects and principles set out in the *National Disability Insurance Scheme Act 2013*, including that the NDIS should:
- (a) Support the independence and social and economic participation of people with disability;
 - (b) Enable people with disability to exercise choice and control in the pursuit of their goals and the planning and delivery of their supports;
 - (c) Facilitate the development of a nationally consistent approach to the access to, and the planning and funding of, supports for people with disability;
 - (d) Promote the provision of high quality and innovative supports that enable people with disability to maximise independent lifestyles and full inclusion in the community;
 - (e) Adopt an insurance based approach, informed by actuarial analysis, to the provision and funding of supports for people with disability; and
 - (f) Be financially sustainable.

Process and timing

10. The Review will commence in September 2021 and deliver updates and recommendations to the NDIA’s Pricing Reference Group and Board, for implementation from 1 July 2022.

Key Dates

6 September 2021	Release of Terms of Reference
September 2021	Release Issues Paper and call for submissions
October-November 2021	Consultations with stakeholders
12 November 2021	Closing date for submissions to Review
February-March 2022	Second round of consultations with stakeholders
April 2022	Announce results of the Annual Pricing Review Release of NDIS Pricing Arrangements and Price Limits for 2022-23
June 2022	Release final price limits (after the Fair Work Commission’s Annual Minimum Wage Decision)
1 July 2022	Implementation of new arrangements

Further information

11. Further information on the Review is found on the NDIS website on the [Annual Pricing Review page](#).