25 May 2024

The Australian Government is taking action against some unscrupulous providers who are exploiting the National Disability Insurance Scheme (NDIS) by encouraging thousands of participants to spend their NDIS funding too quickly and on non-disability supports.

This week, the National Disability Insurance Agency (NDIA) and the NDIS Quality and Safeguards Commission have taken the initiative to write to plan managers and support coordinators who support NDIS participants, reminding them of their obligations.

Earlier this month, both the Federal Budget and the NDIA's Quarterly Report showed that intra plan inflation was a major cause of growth in the Scheme.

NDIS Minister Bill Shorten said the letter to plan managers also reflects anonymised data matching between 900 NDIS plan manager ABNs and the ATO, which showed that 343 of those ABNs would have failed a statement of tax record at the time.

"Overspending of NDIS plans remains a key issue, particularly where someone encourages a participant to spend all of their NDIS funding before the end of their plan, known as intra-plan inflation, so they can receive extra funding within their set plan timeframe," Minister Shorten said.

"We know most intermediaries, including the vast majority of local area coordinators, are delivering really great outcomes, but we also know some are exploiting participants and the taxpayer – I want my message to be clear: the party is over."

An NDIA deep-dive on the drivers of intra plan inflation revealed:

- For the 12 months to February 2024, intra-plan inflation drove more than $3.3 billion in additional NDIS costs.
- 15% (roughly 100,000, or approximately one in 6 NDIS participants) spent their plan budgets before the end of the plan period.
- Of these participants, about one quarter (approximately 25,000 participants) drove 62 per cent of intra-plan inflation – more than $2 billion.
- Within this 25,000 group, there were 3,500 participants who drove over 40 per cent of this cohort's intra-plan inflation – more than $800 million.
- 80% of these 25,000 participants who spent their budgets before the end of the plan had a plan manager.
- 90% of the 25,000 participants spending their budgets before the end of the plan received support coordinator services.

"We know in some circumstances unexpected things happen and people do need more support before the end of their plan, but the analysis by the NDIA has found this is happening far too often and tells us something is not right with the Scheme," Minister Shorten said.

“NDIS plan managers and support coordinators have a significant role in supporting participants to spend appropriately within their plans but the data shows that this is not happening.

“We are seeing examples where plan managers are facilitating an early exhaustion of a plan and then contacting the NDIA demanding a reassessment and a funding increase. This exploitation is inexcusable and has to stop.”

Mr Shorten said the NDIS pays plan managers close to $500 million a year.

The Government invested $20 million in the Budget to undertake preliminary consultation and design work on ways to help people with disability better navigate services, including considering the place of plan managers and support coordinators in an effective system of supports. This investment is the first step in designing a possible model with the disability community before further consideration by Government.

The NDIA and the NDIS Commission are issuing a joint letter to plan managers and support coordinators this week, outlining their responsibility in ensuring participants only spend funding in line with their approved NDIS supports.

The NDIA, as co-lead of the Fraud Fusion Taskforce, is also boosting its systems, enabling it to better identify and assess early plan reviews submitted by plan managers and support coordinators.

“We know that most providers consistently do the right thing – but we need everyone on board, working together, to make sure funding is being used responsibly and is being used to improve outcomes for participants,” Minister Shorten said.

“The NDIA is working across government to ensure providers do the right thing. That includes the Agency sending payment data to other agencies, including the Australian Taxation Office (ATO), to ensure that dodgy providers are detected.

“We are continuing to work alongside the disability community to strengthen the integrity of the Scheme and make it stronger so it endures for generations to come.”

Under the NDIS, participants (or nominees) are provided with a budget to purchase approved supports in line with their plans. A participant’s NDIS plan is built to ensure they have appropriate levels of funding and support for the duration of their plan.

Spending a budget before the end of a set plan timeframe is not a reason to request a plan review.

The top three drivers of intra plan inflation:

- Hours and rates of supports being used exceeding what the participant is funded for.

- Overspending core budgets outside of intended purpose.
- Claiming supports incorrectly.

Some examples of supports that participants have claimed incorrectly:

- Mobile phones
- Bond for cleaning fees
- Theme park passes
- Treadmills
- TV antennas
- Bird Seed

Anyone with concerns about the practices of an NDIS provider (including plan managers, health professionals or support coordinators) can report suspicious behaviour by filling in the NDIA Fraud Reporting Form | NDIS or by making a complaint to the NDIS Commission via their website .

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