



DisabilityCare Pricing: Initial response

DisabilityCare (DCA) has launched in four locations, with two more to commence next year. To enable the scheme to begin, DisabilityCare has released price lists for the first four launch sites for the most commonly used supports (some prices differ across launch sites).

A *maximum price* has been set for some frequently used supports; DisabilityCare will not pay higher than this. Supports included in this category are 'assistance with self-care activities' and 'assistance to access community, social and recreational activities'.

The maximum price established for these types of one-to-one disability support during ordinary weekday hours varies substantially: \$33.54 in Victoria; \$34.05 in New South Wales; \$35.24 in Tasmania; and \$40.15 in South Australia. These prices are expected to cover the wages of the support worker; on-costs; travel up to 10 km; any costs associated with recruitment, training, supervision and rostering; organisational overheads (including costs associated with quality systems, fleet management and finances); and a modest profit margin.

Where no support is available locally, travel for longer distances will be included in the participant's plan. Loadings will apply to the provision of supports in rural and remote areas in accordance with the rates set by the Independent Hospital Pricing Authority.

DisabilityCare Australia has announced *benchmark prices* for other supports (eg equipment), with most requiring a quote to establish an agreed price.

This brief paper outlines the most pressing problems with the prices and recommends that the prices for one-to-one disability support increase.

NDS acknowledges that DCA wishes to set an *efficient price* and that at some yet-to-be-determined time in the future, service providers are likely to compete in a market in which prices are deregulated. To help prepare its members for this environment, NDS would support benchmarking that enabled organisations to compare their cost structures and operate efficiently.

Since NDS raised these issues with DCA it has agreed to review a small number of prices; NDS welcomes this response. Additional issues are likely to emerge as registered providers apply the prices—such as those set for group-based activities and employment support. NDS will provide further advice on these.

Inadequate prices for assistance with daily personal activities & participation in community, social and civic activities

DCA's maximum price for weekday assistance with self-care activities and assistance to access community, social and recreational activities is lower than the current prices paid to providers in Victoria, New South Wales and Tasmania for this type of one-to-one support. DCA prices will not cover providers' costs.

The data analysis underpinning DCA prices has not been released, but NDS expects that an incomplete understanding of existing pricing arrangements will help explain the low rates that have been set.

For instance, at December 2012 the Victorian Department of Human Services (DHS) unit price for personal support (in-home, community access, or one-to-one support) was \$38.82 (a 2 per cent increase is expected to apply from July 2013). DCA will pay \$33.54 for an equivalent service. Although the DHS price appears to be a single rate across the week, that is not current practice. DHS Planners (facilitators) often contact service providers to obtain prices for out-of-hours supports, which are then incorporated into an individual's funding package. These out-of-hours prices are substantially higher than \$38.82 as they include penalty wage rates (and associated costs). The assumption in DCA pricing that \$38.82 is a composite rate that adequately incorporates out-of-hours penalty rates is incorrect.

Incorporating up to 10 km of travel into the price is, in theory, a reasonable approach. However, the low base prices that have been set for the one-to-one supports make covering the cost of travel impossible. Unless a higher base price is set, there will be a strong financial incentive to employ only casual workers and pay them only for direct contact hours with a participant. This practice, on a large scale, would fragment and devalue disability support work, reduce investment in training and erode service quality. Attracting and retaining workers would become more difficult.

The DCA price for house cleaning is about the same as for disability support work, except in NSW where the DCA house cleaning price is \$35.14 compared to only \$34.05 for one-to-one disability support. Yet a person undertaking house cleaning can be employed under the Home Care stream of the *Social, Community, Home Care and Disability Services Industry Award 2010* (SCHADS Award) rather than under the Social and Community Services stream. As the Home Care stream was excluded from the Equal Remuneration Order (ERO) the pay rates are lower than for disability support workers. The gap will grow as the ERO annual adjustments (ranging from 2.55 to 3.55%) are applied over eight years.

The base price for one-to-one support during ordinary daytime hours during the week should be increased. Once this has happened, rates for this type of support outside daytime weekday hours should be calculated taking into account the penalty rates that apply in the SCHADS Award (and any associated higher costs).

Amendments to the prices set for these supports are urgently required. In addition, the sector should be supported to implement benchmarking through an approach such as the Productivity Tool (funded by the NSW Government) which has been developed to enable NSW providers to benchmark their back office expenses. This

would help all organisations to drive efficiencies and thus help ensure their sustainability into the future.

Price differences across launch sites

The SCHADS Award is a national award which is driving increased consistency in wage rates across the country. As wages are the single largest cost component of disability support, the substantial difference in the maximum prices set for one-to-one support (ranging from \$33.54 in Victoria for daytime weekday hours to \$40.15 in South Australia) is unjustified.

A price not lower than the South Australian rate of \$40.15 (for one-to-one disability support during daytime weekday hours) should be established immediately for all launch sites and its adequacy reviewed in time for the ERO increase in December 2013.

The cost of supporting participants with complex needs

Some participants will have complex support requirements—often arising from challenging behaviours or medical conditions—that require workers with higher-level skills and experience. If highly skilled workers are not used, the risks to a participant, support worker or someone in the community can be unacceptable high. Appropriately supporting participants with complex needs is more costly.

While NDS acknowledges that DCA has set a higher rate for some supports—such as individual social skills development (at \$49.60 in all launch sites)—this is a flat rate and would not, therefore, cover the cost of using skilled workers outside weekday daytime hours. It is also unclear whether a DCA planner would cost all one-to-one support at this higher rate.

Identifying and funding participants who need complex coordination and/or case management

Some people with disability and their families need intensive assistance to organise and coordinate their services. Under existing state-administered systems, this role is often called 'case management' and undertaken by social workers, psychologists or therapists. The support is more intensive than plan management.

Case management is not a support named on DCA's price list. It is, therefore, unclear how participants with very complex and challenging support arrangements will be identified during the planning process and funded to receive the services of a skilled case worker. The prices listed for 'coordination of complex supports for increased independence and community access' are inadequate to cover the cost of employing a social worker, psychologist or therapist to provide this support.

Ideally, the support cluster definition included in the price list for 'therapeutic supports' should be amended to include recognition of case management for some high-needs participants.

Recommendations:

- 1. Immediately re-set the base rate for one-to-one supports (daytime weekday hours) in all launch sites at a level no less than the South Australian rate of \$40.15 and review the adequacy of this price prior to the ERO increase in December 2013.**
- 2. Over the life of the launch sites monitor the impact of the prices on service viability and availability.**
- 3. Once higher daytime per weekdays prices for one-to-one support have been set, re-calculate the rates for supports provided outside weekday daytime hours, ensuring that they adequately reflect SCHADS Award penalty rates and associated costs.**
- 4. Establish prices for supporting people with complex needs outside weekday daytime hours.**
- 5. Provide advice on how participants and their families who need intensive and complex coordination and/or case management will be identified and funded.**
- 6. Fund the implementation of benchmarking to enable disability organisations to compare cost structures and drive efficiency.**

July 2013

Contact: Dr Ken Baker
Chief Executive
National Disability Services
Ph: 02 6283 3200
Mob: 0409 606 240
ken.baker@nds.org.au

About National Disability Services

National Disability Services is the peak industry body for non-government disability services. Its purpose is to promote and advance services for people with disability. Its Australia-wide membership includes 830 not-for-profit organisations, which support people with all forms of disability. Its members collectively provide the full range of disability services—from accommodation support, respite and therapy to community access and employment. NDS provides information and networking opportunities to its members and policy advice to State, Territory and Federal governments.