

# National Disability Insurance Scheme (NDIS)

## ***2023-24 Annual Pricing Review Consultation Paper***

Occupational Therapy Australia submission

March 2024

## Introduction

Occupational Therapy Australia (OTA) welcomes the opportunity to provide a submission to the National Disability Insurance Scheme (NDIS) Annual Pricing Review 2023-24.

OTA is the professional association and peak representative body for occupational therapists (OTs) in Australia. There are over 26,900 registered OTs working across the government, non-government, private and community sectors in Australia. There is a significant number of OTs working in the NDIS provider market, providing therapeutic supports for NDIS participants to build skills and capacity to live with increased independence and with greater connection to their communities.

Given the important role of OTs in the NDIS, OTA is committed to supporting the long-term sustainability of the scheme and ensuring continued and equitable access to OT services across Australia for people with disability.

Urgent and significant investment is needed in the OT NDIS provider market in 2024 to ensure continued access to OT services for participants and their families. This is especially important due to the high degree of financial pressure that providers are experiencing, and the prospect of substantial uncertainty and disruption to the provider market that has been recommended as part of the NDIS Review.

OTA is particularly concerned by a continued lack of investment in the NDIS provider market, including the now five-year freeze on the maximum price cap that can be charged for 'therapy supports'. This price freeze continues to significantly impact OTs working across the NDIS market, who report rising business costs and continuing inflationary pressures resulting in increasing pressures on business sustainability, leading to financial losses in a substantial proportion of the market, and many therapists feeling undervalued, experiencing burnout and strongly considering exiting from NDIS service provision.

OTA is also concerned that previous NDIA Annual Pricing Reviews continue to utilise incorrect or incomplete data that does not accurately capture the current realities of NDIS service provision in a complex marketplace. This includes failure to recognise or address the impact of inflation on business costs and wages on the allied health workforce (while selectively applying indexation to other fees and rates, but not allied health). The Review has previously employed economic modelling that compares OT rates that are not equivalent, for example comparing a Medicare rate for a Chronic Disease Management treatment, against a complex NDIS client who requires comprehensive functional assessment and multiple interventions.

OTA has conducted a survey of our members to better understand pricing behaviour to assist us to contribute to the 2024 Annual Pricing Review, including the supplying of specific data of actual OT pricing practices in this sector. OTA's digital survey received 511 responses from OTs working across all states and territories, in both metropolitan and regional and remote settings, and in a range of business contexts from sole practitioners to those working in the largest providers employing hundreds of staff.

This provides a much more accurate picture of the OT provider market and demonstrates a high degree of financial instability. From this survey it is clear that OTs are particularly impacted by ongoing unmitigated inflationary pressures which have significantly impacted cost of living and business costs, compounded by ongoing growth in wages and staff retention costs caused by workforce shortages across the disability sector.

### Recommendations

OTA calls for an **18.6% increase** to the current therapy supports maximum rate as set out in the NDIS Pricing Guide, to address the cumulative inflation that has occurred since the date of the last price increase<sup>1</sup>.

OTA also echoes calls for consultation with the allied health sector and the **development of a specific bottom-up cost model to estimate the true cost of allied health service provision under the NDIS**, to support rational, evidence-based pricing by the NDIA.

Additional context and response to specific consultation question is included below to support OTA's recommended pricing increase.

## Provider Sustainability

OTA asked members what their recent and future projected financial performance was to understand the current state of the OT provider market.

### 2022-2023 financial performance

Provider performance	Count	Percentage of total
Reported profit	125	49%
Break even	87	34%
Sustained a loss	41	16%

### 2023-2024 projected performance

Projected provider performance	Count	Percentage of total
Reported profit	104	41%
Break even	101	39%
Sustained a loss	50	20%

OTA also asked about members' intentions to exit service provision in the short or medium term:

<sup>1</sup> Reserve Bank of Australia's Inflation calculator accessible at: <https://www.rba.gov.au/calculator/annualDecimal.html> shows that total change inflation is **18.6 per cent**, over **5 years**, at an average annual inflation rate of **3.5 per cent**.

### Rate of members who expect to stop providing NDIS services in the next 1 – 3 years, due to financial factors

Provider response	Count	Percentage of total
Expect to exit	63	24%
Considering exit (possibly)	23	9%
Do not expect to exit	95	36%
Unsure	81	31%

In the 2022-23 financial year, 50% of OTs reported that their practice broke even or made a loss. Based on current business projections for the 2023-24 financial year, the state of financial precariousness has increased with 59% reporting they expect to break even or make a loss.

Financial factors mean that 24% of OTs are strongly considering or expect to exiting NDIS service provision in the next 1 – 3 years, with an additional 9% considering it. With large service waitlists and ongoing workforce shortages these pressures significantly risk future service provision.

It is clear that this is not an isolated issue across the disability sector and OTA understands that other advocacy bodies will contend to this year's review that larger therapy support providers are continuing to report median losses in 2023-24.

OTA notes that 2021 economic modelling commissioned by Deloitte for Ability First<sup>2</sup> found that the actual cost of service provision for non-psychology therapy supports was \$200.79 per hour, above NDIS price caps for therapy supports. OTA contends that increased inflationary pressures and ongoing workforce shortages and wage increases (of up to 20-30% over 5 years since the last price increase) have contributed further to actual service costs.

### Private billing pricing

OTA has concerns about the recent use of private billing data, which is drawn from provider websites, to draw conclusions about market pricing behaviour. It is unclear if this data scraping is correctly identifying private practice rates for complex disability specific therapeutic interventions, or if this is referring to the rates set for other type of client work such as aged care assessments, Medicare Chronic Disease Management, or injury rehabilitation.

OTA sought detail on the rates that OTs are charging to private clients, receiving 236 responses. It is clear from this that contrary to media reports of differential pricing, OTs are commonly charging the same rate (or more) for private services, with 58% charging \$190-\$195, and 24% charging above \$195 (cumulatively 82% of rates being approximate or more than NDIS pricing caps).

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<sup>2</sup> Deloitte (2021) Development of an allied health Cost Model for NDIS-funded services, Ability First (online) <[https://www.ndisreview.gov.au/sites/default/files/submissions/SUB-D0V2-000823%20-%204\\_redacted.pdf](https://www.ndisreview.gov.au/sites/default/files/submissions/SUB-D0V2-000823%20-%204_redacted.pdf)>

Count	Mean	Minimum	25th percentile	Median	75th percentile	Maximum
236	\$194.59	\$100	\$190	\$193.99	\$197.5	\$320

This data is significantly higher than the private billing data rates that were reported by the 2022-23 Annual Pricing Review. We contend that this more recent pricing data shows that NDIS rates are only just keeping pace with some private rates. However, many OTs reported that for ethical reasons they did not feel comfortable charging private clients more than NDIS clients, even though current rates are not reflective of the cost of delivering services. This is why OTA is calling for the development of a bottom-up cost model to estimate the true cost of allied health including occupational therapy service provision under the NDIS, to support rational, evidence-based pricing by the NDIA.

## OTA's response to Consultation Questions

### Therapy supports

**Has there been significant changes to the costs of delivering your services over the past 12 months? If yes, please provide additional information.**

OTA members reported the following as factors impacting the increased cost of doing business in the past 12 months.

#### General price rises

Inflationary impacts and cost of living pressures impacting business costs in the following areas:

- Commercial rents
- Professional insurances (eg workers compensation, professional indemnity, public liability)
- Professional fees (accounting, HR, legal, auditor, consultancy, supervision, EAP, DIS registration and auditing costs, ABN, AHPRA registration and other professional memberships)
- Utilities including phones and internet
- Business software and systems (eg accounting program, practice management system, cybersecurity)
- Consumables including printing, stationery, therapeutic tools and resources
- Vehicles including fuel, insurance and registration, and increase in the mileage reimbursement (from increased to 0.96c / km from 0.92c / km) in the Health Professionals and Support Services Award that most NDIS therapists are remunerated under
- CPD courses and ongoing training.

## **Staff-Related Costs**

- There are continuing increases in staff wages for both therapists and administrative staff who support NDIS services, with wages growth in the health and social service sector growing 5.5% in the 12 months to December 2023<sup>3</sup>.
- Workforce shortages continue to impact the NDIS provider market, with OTs now in shortage across all Australian states and territories, leading to businesses needing to offer higher rates to attract staff. This is contributing to rising staffing costs as providers need to offer competitive salaries to attract and retain staff.
- There are also recruitment and retention costs for larger businesses including advertising, recruitment agencies and bonuses to attract and retain therapists.

## **When determining the hourly rate charged for NDIS participants:**

**a. What factors does your organisation consider? For example, report writing, complexity of participants, non-face-to-face preparation time, administration, quality and safeguarding.**

OTs report several factors they consider when setting NDIS pricing including:

### **Client complexity and practitioner specialisation:**

NDIS clients are typically more complex and can include multifactorial disability requiring comprehensive assessment and tailored interventions to provide capacity building therapies and prescribe and commission complex assistive technology or home modifications. Additionally, client complexity can also include cultural or language needs and navigation of complex family or socioeconomic dynamics which can impact therapy provision. This specialised support requires additional CPD, practice supervision and ongoing training to navigate changing NDIS systems and processes.

### **Administrative Burden**

There is a substantial amount of core OT practice that is not able to be billed under NDIS rules but nevertheless is required to provide a quality and safe service for participants that results in tangible outcomes for the participant, including the successful approval by NDIS of assistive technology and other equipment or home modifications.

This can include:

- Travel time and costs that are above the NDIS travel cap (of 30 minutes for any metropolitan travel, which is frequently exceeded but is unable to be claimed). This can be exceeded due to client location and is also exacerbated due to the current workforce shortages which mean there are no local OTs to provide participants with services.
- Provision of lengthy reports and additional information in response to requests by NDIA staff for clarification or further justification for recommended items/services.
- Time spent trying to communicate with NDIS staff, via phone and email which includes contacting the general enquiry line and receiving no response, a significantly delayed response or an unsuitable response.

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<sup>3</sup> Australian Bureau of Statistics (December 2023) Wage Price Index, Australia: Latest Release (online) <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release>>

- Navigation of changing NDIS processes and systems which now includes the new NDIS PACE system, which requires OTs to maintain two sets of client records which doubles administrative burden.
- Establishing and following up service agreements and booking client appointments, which needs to be done every time an NDIS plan is updated (which can occur several times per year for some clients).
- Case formulation, session preparation, and maintenance of client records.
- Collaboration and communication with other treating practitioners, LACs and support coordinators.

This is exemplified by the experiences of selected members:

*"The extra administration time required for NDIS clients by the NDIS adds approximately 25 to 50% of my time per visit."*

*"I hardly ever charge for the actual hours worked - probably about 50% as there is so much additional time required researching equipment, liaising with schools, trying to contact families, report writing and letter writing..."*

*"The complexity of the NDIS clients, registration and keeping up to date are the main reasons for a greater cost with NDIS clients."*

## **What is unique to the cost of providing early childhood supports for NDIS participants?**

OTA received a significant number of responses from providers of early childhood supports, with 285 responses (ie 55% of total who responded to the survey). OTA members report the following specific and unique costs that impact the costs of early childhood supports.

### **Costs of specialised consumables, materials and equipment**

- Purchase, maintenance and replacement costs for specialised early intervention therapy equipment.
- Cleaning costs between therapy session.
- Development of specialised assessments and resources.
- Need for additional supervisions to provide quality services.
- Rental costs are higher due to the need to have larger therapy spaces to accommodate play areas and specialised equipment.
- Ongoing costs for consumables eg playdough, kinetic sand, and other sensory items for each child. Since Covid, therapists have had to purchase single use items leading to increasing costs.

*"Covid has meant I have needed to purchase additional supplies and resources for single use or cleaning which has almost doubled the costs of resources."*

### **Administrative and Non-Billable Time:**

- Higher non face-to-face time for planning for home-based therapies.
- Additional time invested in liaising with families, support coordinators, and educators.

- Higher administrative costs due to frequent contact and coordination with caregivers.
- Cash flow impacts during school holidays because parents are unwilling to book appointments during this period.

*“There is significant family support required when working in this space, extra emails and phone calls, and connecting with educators or childcare workers. We are getting better at billing for this time, but it is not always allowed for within children's plans. This cohort also often require therapists to seek extra supervision time.”*

**Challenges in Collaboration and Coordination:**

- Additional non billable time required to collaborate with a diverse group of stakeholders, including health professionals, support coordinators, early childhood partners, and support teams. For example, collaboration with a therapy team for transitioning a kindergarten student.
- Difficulty in coordinating with schools, obtaining necessary approvals, and dealing with school administrative requirements.

*“The requirements range from 15-page documents to be completed listing compliance factors and identification to modules online with question and answers to be completed before being approved to attend. Some schools are now refusing therapy on school grounds unless a fee is charged (more than 20% of the session rate per session) and others are only permitting therapy to occur in shared spaces with other therapists and other children also requiring therapy support when these can be supervised by a teacher aid.”*

**NDIS-Related Challenges:**

- Additional audit costs required to maintain NDIS registration.
- Delays and challenges in accessing NDIS funding which require unbilled time to follow up and resolve with NDIA and delegates.
- Time needed to resolve client disputes when clients question appropriate, in-policy billing for non-face-to-face work, and time needed to follow up self-managed clients to receive timely payments.

**Cancellation policy**

**What is your cancellation policy (notification period and charges) for NDIS participants? Is it different for non-NDIS clients? If so, why?**

OTA members reported varying policies and approaches in the notification period for cancellations, and varying approaches to charging for these appointments.

Notification period	Count	Percentage of total
Up to 24 hours	101	59%
Up to 48 hours	48	28%
Up to 72 Hours	4	2%
7 days	17	10%
14 days	2	1%



78% of the OTs who responded report have the same cancellation policy for non-NDIS clients. Of the 22% who reported having a different policy, the reasons given included the client type, and the impact of cancellations on business planning.

*"NDIS clients have a higher cancellation rate, they have regular appointments, so are more likely to know in advance if they are unable to make the appointment."*

Practitioners may charge a sliding scale of fees, depending on the number of days' notice given, with higher rates charged for cancellation within 48 to 24 hours of the appointment time, given this is difficult to rebook with other billable clients.

### **How often do you face short-notice cancellations or no shows and on average and how frequently do you claim for these instances monthly?**

OTA's survey data shows that short notice cancellations are a frequent occurrence, ranging from daily occurrences for some practices, and many other experiencing cancellations at least weekly. OTs reported more frequent cancellations during the winter months, during flu season, during certain times of the school term, and in December, and in some communities, cancellations may occur due to cultural practices such as Sorry Business.

A few OTs reported almost no cancellations, attributing this to building strong relationships with clients, and also sending multiple reminders in the lead up to appointments.

Some OTs are absorbing the costs of cancellations by not charging participants for short notice cancellations, or making exceptions for illness, or unavoidable circumstances, even when the circumstances meet the cancellation policy. Many reported only charging around half of the billable fee (50%) or less, for cancellations.

Some practitioners do charge the cancellation fee if the cancellation policy terms are met, attributing the need to cover business overheads (particularly for services with salaried staff), and inability to fill appointment slots at short notice.

OTs reported they offer flexibility and seek to maximise the value of the booked appointment time by negotiating alternatives with the client including offering options such as: telehealth at the appointment time, offering reschedules within the same week (to avoid appointment cancellation charge) or offering resource development/report writing on previously agreed tasks with permission from family.

*"We don't claim for no shows, we try to find a way to ensure the participants get something of value for the appointment time"*

*"I would say on average 1 per week, I use that time as much as possible to do other work to support the participant/ their family."*

*"I've lost a huge amount of income over the past 2 years due to illness related cancellations and a reluctance to charge for them due to blow back from a small number of clients. Cancellations are a huge threat to the viability of my business. I now charge a flat rate of \$100 no matter what the reason and I have explained to all my families this is not intended to be punitive but to sustain ongoing services. Most understand but there are always a small number who agree but then complain and refuse to pay (even if NDIS pays). It's a very stressful area as a business but I still need to pay overheads, including my admin assistant and my own personal costs of living. This year I've been claiming all cancellations and I bill the same day of the service."*

## **What approach does your organisation take when a participant has an unusually high frequency of cancellations?**

OTA member responses highlight an ethical and client centred approach to managing high cancellation rates, involving ongoing communication, flexibility, and progressive actions to attempt re-engagement, with the emphasis on understanding and addressing the root causes of cancellations being a common thread throughout these approaches.

Approaches include:

- **Communication and Collaboration** - Regular communication with participants and families to maintain connection and collaboration with support workers, coordinators and other stakeholders to understand and respond to specific client circumstances and barriers to attendance. Communication strategies may include SMS reminders, phone calls, and email communication.
- **Flexible Scheduling**: Therapists may offer flexibility in scheduling, including offering alternative days, times, and locations or telehealth to better accommodate client needs and increase attendance.
- **Service Adaptations**: Therapists may also offer modifications to services to better suit clients including modifications to session plans, adjusting frequency of services or offering modified client-led home programs, or alternative service providers.
- **Progressive Actions**: Therapists may take a gradual but escalating approach to repeated cancellations which can start from discussion with client, towards a written warning about service withdrawal, to a pause in service provision, and termination of services. Some organisations implement a tiered system with consequences after a specific number of cancellations. Terminations are typically discussed with families before they are implemented.
- **Client Engagement and Understanding**: Therapists will usually make efforts to understand the reasons behind cancellations and engage in open non-judgemental discussions with clients. Consideration is often given to the client's readiness and willingness to engage in therapy services, and any barriers contributing to cancellations, such as transportation issues, health concerns, school timetables, complex medical needs or family stress, with therapists taking a collaborative problem-solving approach with clients to address and overcome these barriers. Therapists will also typically enter into discussions with clients about the effective use of funding, where frequent short notice cancellations are resulting in billing for non-service.
- **Continuous Monitoring**: Providers will undertake ongoing monitoring of attendance patterns and conduct regular check-ins and reviews to assess the effectiveness of implemented strategies.

## **What service offering does your business have as an alternative to short notice cancellations? For example, telehealth, other indirect support such as follow up with mainstream supports.**

From 151 members responses, OTA members have demonstrated they strive to offer valuable alternatives to face-to-face sessions, considering the unique needs and preferences of each client.

A large majority of respondents (113 of 151, or 75%) offer telehealth sessions as an alternative, utilising video conferencing tools to connect with clients remotely. Rescheduling appointments is a common practice, either for a different time on the same day or within the same week. Some therapists offer phone consultations with parents or clients to discuss progress or address concerns.

A number of therapists use the cancellation time for report writing or other case administration tasks related to the client's progress or needs (noting this is often unbilled but necessary part of service provision). Some practitioners may use the time to develop resources for clients including visual aids, social stories, or home programs (for child clients to be completed with parents at home in non-appointment time).

They may use the appointment time for indirect support, including collaborating and liaising with other treating professionals or communicating with NDIS staff and delegates via phone and email, or providing educational/support meetings, or following up on mainstream supports.

*"We use Telehealth sessions or "home programmes" which involves designing a set of activities for parents and children to perform at home in their own time and providing feedback on parents' report, photos, work samples of videos. Because of these substitutions we rarely have actually late cancellations or no shows."*

*"We cancel families after discussion with them, that therapy may not be a priority right now; it's unethical for us to keep charging late cancellation fees, and when we have such large waitlist"*

## Contact

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