

**Australian Government
Department of Social Services**

NDIS Thin Markets Project

Occupational Therapy Australia submission

June 2019

Introduction

Occupational Therapy Australia (OTA) welcomes the opportunity to provide a written submission to the NDIS Thin Markets Project, which has been commissioned by the Department of Social Services (DSS) and the National Disability Insurance Agency (NDIA).

OTA is the professional association and peak representative body for occupational therapists in Australia. As of March 2019, there were more than 21,000 registered occupational therapists working across the government, non-government, private and community sectors in Australia.

Occupational therapists are allied health professionals whose role is to minimise the functional impairment of their clients to enable them to participate in meaningful and productive activities. Occupational therapists particularly work with people with a disability and their families to maximise outcomes in their life domains including daily living, social and community participation, work, learning and relationships.

While OTA does not collect data on the number of our members who are registered NDIS providers and working in areas that would be classed as thin markets, we have received feedback from several providers on the challenges they face as a result of workforce shortages and demand outweighing supply. These challenges are highlighted in the two case studies below.

Provider case study – Queensland

In addition to working in academia (and other businesses), I run a private sole trader occupational therapy practice for which I have 1.5 days per week available. My business operates in the Mary Valley in Queensland. Last year, when the NDIS rolled out in the South Burnett region of Queensland (six months before the Sunshine Coast roll out which is my actual geographic location), I was requested to travel to South Burnett due to an acute lack of OT services. There was a severe shortage of OTs able to prescribe complex home modifications or deliver complex services.

After initially agreeing to see one client in the region, this rapidly turned into a full day of clients every six weeks, which then became two days every six weeks and now three days every six weeks. With the complexity of the clients and my very limited availability, that is the absolute maximum (and in fact too much) for me to take on top of my local Mary Valley clients (which is also a thin market area). This situation has led to me working closer to three days a week in my private practice, and having to work nights and weekends just to do what I can.

I don't work for financial purposes as I earn enough to make ends meet with my university job and business. However, I just felt so bad for these clients that I agreed to take on many more. Now that I am stretched well beyond capacity, I have had to absolutely close my books to persons outside the Mary Valley. I'm getting between four and ten referral calls every week that I'm having to knock back in the Gympie, North Burnett and South Burnett regions. It's an awful situation.

I try to refer on where I can, but all the existing providers are stretched. One South Burnett participant phoned me recently as she had been waiting for eight months to be seen by a local provider, which is a really challenging situation given the length of NDIS plans. I will continue to do what I can with outreach, which actually works as a really good model. One of the challenges though is that it takes me 2.5 hours and a lot of petrol to drive out there and back. I only get paid for 0.45 hours for each of those trips. I also have to pay for accommodation for two overnight stays, which isn't quite covered by the 15 minutes of travel I can claim back to the motel (I try to minimise travel time/costs for participants by scheduling those near the motel last and first). I make a huge loss compared to what I could make just servicing local clients, but do it because of the need (and my soft spot for social justice).

Another challenge is getting trials of equipment out there, with a really thin assistive technology (AT) market. I do have one supplier representative who travels up for a day each time and we squeeze in what we can. This is hardly a competitive market though. In the end, due to the difficulty in trialling, I often end up buying equipment for my own stock to trial. As every participant is so different, I am spending significant amounts of money buying equipment to trial. At up to \$700 per item, this is getting very expensive. You can imagine that while my cupboards are full of equipment, my profits from working myself to the bone look meagre compared to what I'd be earning not servicing thin markets.

I also plan to take on an OT student in the second half of this year (again, I don't really have time for it, but it's the right thing to do). I have already invested in an extra computer and peripherals for the student. I'll also be taking the student out on at least two outreach trips per placement, which means I will have to fund their motel room out of my own pocket – that's more than \$600 I'm spending to voluntarily take a student. Once again, this is a cost that I wouldn't have if I wasn't servicing a thin market. I am making a few changes such as taking on an admin person to mobilise more of my OT time, and considering taking on a therapy assistant locally in South Burnett to help smooth service delivery, but need to make significant investments in business advice to make this happen. This is yet another thing I don't have the time or money for.

Provider case study – ACT and NSW

This case study, provided by an OTA member from the ACT, demonstrates the challenge of accessing local NDIS registered builders.

OTA notes that the NDIA is currently piloting a new approach to assessment and planning for participants with complex or non-standard assistive technology and home modification (ATHM) needs. The pilot will run until August in parts of NSW and the ACT. Although this may address some of the issues around quoting and approval turnarounds, there is no certainty of this. Additionally, the pilot may give rise to other issues – for example, how to source 'benchmark' modifications item prices when no copy of the benchmark price list has been circulated.

Business background

My practice has existed for three years. I am the business owner and Director (and a senior OT).

We deliver a large number of complex home modifications services, and also assistive technology. We see about 70% NDIS funded clients.

Local builders advise me that we do a very large part of the NDIS complex modifications OT work locally. We operate around the ACT and Queanbeyan area, occasionally a bit further out.

Obtaining good advice from builders is critical to our home modifications services, but my business does not employ a builder. Instead we develop relationships with local, independent, NDIS registered builders, who are engaged by clients to provide consultation services to us when we advise this is necessary (e.g. for all complex home modifications).

Extent of thin market for building providers in the ACT/local NSW area

At last count there were five NDIS registered builders available to assist us with NDIS clients in the ACT. Of these:

- Only two are registered in NSW (e.g. Queanbeyan and other local NSW areas).
- Only one will assist with highly complex or specialised works (e.g. ceiling hoists, elevators, full kitchens).
- It is hit or miss at any particular time whether any will:
 - Agree to assist a client in a high rise security unit or outside the main suburban area
 - Agree to assist with a more 'unusual' building request or something they do not think is likely to be funded by the NDIS (e.g. installing robust design materials, installing a patio).

NDIA provider lists and directories show dozens of builders listed in the ACT, but most of these services are wrongly classified (e.g. podiatrists), are OT services like ours (home modifications design but not building services), AT providers supplying components such as hoists who do not install or prepare the house structure, builders who are 'national' but do not actually come to the ACT, and builders who used to service the ACT but no longer do so.

I do not believe the NDIA understands the problems with their provider lists and therefore I think the NDIA doesn't recognise there is a thin market issue for builders in the ACT.

Possible causes of identified thin market

Builders advise me they have significant difficulty providing NDIS services locally because:

- The biggest issue is the need for two builders' quotes for works costing more than \$10,000 from NDIS registered builders. Builders sometimes spend a lot of time consulting with OTs and the NDIA (see below), and providing quotes for works, which are then allocated to another builder. Sometimes they lose out over the matter of a few dollars. Although they can charge a consult fee, meeting NDIA admin/quoting requirements is mostly lost time for builders – if they try and include a fee to cover this time in their quote they risk being the most expensive quote. On the surface, comparing two quotes seems like a good way to ensure value for money, however longer term it shrinks the market to just a few providers who have economy of scale to provide lower quotes, and who can cross-subsidise funding shortages and time spent meeting NDIA admin/quoting requirements. Smaller builders or

those looking to expand into modifications are discouraged and leave. I have seen this repeatedly over the last three years.

Additionally:

- NDIS modifications approvals occur in waves, making it difficult to plan workflow and stay financially viable. This is a bigger issue for small building services. Most of the time builders assume that not hearing back about a quote within a couple of months means they lost the bid.
- It is prohibitively expensive and difficult to provide services out of town (the ACT is notoriously short staffed for trades).
- The time the NDIA takes to approve modifications works means that quotes inevitably become out of date. Repeated requests to requote works takes up significant time.
- Builders are periodically advised that their quotes are not in the right format, but if they ask for more information it is not forthcoming. This delays approvals.
- There are ongoing difficulties with the NDIS portal (e.g. service bookings closed halfway through works when a plan review occurs).

The upcoming requirement for builders to pay for NDIS registration is likely to cause many to drop out of NDIS services. There is little cost benefit for most. This will cause a local crisis unless NDIA policies change.

Effects of identified thin market on services for NDIS clients and our business

- Our business can no longer consistently obtain quotes from two NDIS registered builders, so some of our NDIS clients are using non-NDIS registered builders or obtaining only one quote. This delays their funding application whilst the NDIA works out how to pay a non-registered builder, or argues with the client that there is not really a thin market issue.
- Some clients are forced to accept quotes from NDIS registered builders they have used previously and disliked, or had a disagreement with because there are no other options. This contradicts the 'choice and control' principle underpinning the NDIS.
- We have started declining certain referrals, as we cannot reliably get NDIS registered builders' advice (let alone two quotes) for some types of modifications. There is already a small OT home modifications market locally, so these people are at risk of missing out on modifications services altogether if they can't find another OT (who is likely going to have the same problems as us). This is also potentially a viability issue for our business.
- Local builders are losing specialised accessible building knowledge through under-utilising skills or not being able to justify spending money on specialised training.

Although OTs prescribe accessible designs for builders to follow, there has to be a level of assumed knowledge on the part of the builder. Deskillng builders in accessible modifications will result in lower quality building works (e.g. handrails not the right diameter, light switches the wrong size). There are only so many specifications the OT can make (we have limited funding) before we're rewriting AS 1428 or just providing too many specifications documents to be read properly.

It is also concerning to me as a business owner that because of the thin market we are sometimes forced to work with NDIS registered builders who we have found to be poor operators, because our preferred builders are unavailable – we don't have much choice to start with. These actions reflect on us, unfortunately.

We would also like to be able to exercise 'choice and control' to use good, reliable builders and get the best outcome for our clients. Our choice and control (and therefore, clients') is being hampered by the requirement to use only NDIS registered builders.

Professionally we are also concerned because we rely on our builders' advice to help protect us legally (e.g. ensure we design something feasible), so we need to be able to trust them and communicate well.

It is also worth noting that it would be consistent with good practice, and would allow us to provide a better service, if we could recruit an in-house builder. The NDIA requirement for two building quotes prohibits us from hiring an in-house builder though, because:

- It would make independent builders reluctant to provide a second quote (fear of undercutting). We could therefore not provide the necessary quotes to our clients.
- The length of time it takes for works approvals to come through, and the chance that approvals would go to another builder, means that I would have significant issues sustaining an income to pay a builder. There is not enough other government funded modifications work locally, and taking on private market renovations/general building work would not provide a stable income and/or would distract from modifications work.
- The risk of us experiencing payment/portal issues is discouraging. This is a lot of money.

Potential solutions to identified thin market

- Relax the NDIA requirement for two quotes in regional areas (at least until the NDIA changes its way of identifying thin markets). This would allow smaller builders a chance to win work and get established, even if it meant a few conversations with the NDIA about 'benchmark pricing' to start with.

Or:

- Increase the threshold for two building quotes from \$10,000 to \$25,000.
- Provide a quote template.
- Implement a realistic benchmark pricing system, visible to providers. This would prevent time wasted on re quoting.
- Increase the speed with which the NDIA processes modifications requests, and advise them when their bid for a job has been declined (like the Department of Veterans' Affairs does). This will improve cash flow and workload management for builders, assisting with business viability. Of course, this is the best outcome for clients as well.
- Develop a process around requesting quote updates from builders – e.g. requesting update from winning bidder only, and only requesting update after works are otherwise approved.
- Remedy portal issues.
- Reduce registration costs as an incentive to become a provider in identified thin markets, if registration for builders must remain.

- Allow self-managed participants to manage their home modifications budget, or allow plan managers to manage this budget, so that non-NDIS registered builders can be used in thin markets (if the NDIA insists builders always remain registered). This would create a real open market, allowing clients and us to choose from a larger range of builders to work with.

Previously, NDIA Planners have suggested clients ask their OT to claim funds from the home modifications budget (since some OTs, including us, are registered for this category although we do not provide building services), and then pay that to a non-NDIS registered builder, as a workaround. We do not support this arrangement and refuse to participate in this, as:

- If issues around payment were to arise we would potentially be somehow implicated.
- Most businesses charge a fee for financial transaction services, which we would not be able to do in this case.
- We are an OT service and do not have the infrastructure to handle this finance service.

Data used to identify thin markets

OTA joins with other allied health peak bodies in welcoming the recent pricing increase for therapy supports provided under the NDIS. An \$11 increase in the hourly rate – from \$179 to \$190 – better reflects the true costs of providing services to NDIS clients.

However, OTA members have expressed concern that price limits for psychology and physiotherapy services will increase further in some locations.

The following explanation as to why these professions were singled out has been published on the NDIS website:

Psychology and physiotherapy have higher and differentiated regional price limits based on analysis of existing NDIS providers and the national market. These price limits align with adjacent markets and will encourage providers to enter the Scheme.

OTA is not privy to the data on which this decision has been based, and, as such, the decision seems blatantly unfair to those of our members working in private practice. Occupational therapists tend to incur greater travel expenses than other allied health professionals due to their need to observe how clients operate in their own environment, and complete more written reporting.

Furthermore, the NDIA has previously indicated that it is unable to monitor purchasing trends across regions. If this is indeed the case, how did the NDIA identify those thin markets in which financial incentives are now to be offered only to physiotherapists and psychologists?

As a matter of transparency, OTA calls on the NDIA to publish the data, and the attendant analysis, which led to higher price limits being imposed for psychology and physiotherapy services. We again call for a flat rate to be implemented across all the allied health professions to ensure providers are fairly compensated for the hours they dedicate to ensuring clients receive an optimal service.

Conclusion

OTA thanks both DSS and the NDIA for the opportunity to provide this submission on issues in thin market areas. We would be happy to provide further information on any of the issues raised in our submission should this be required.