27 June 2023

The Hon. Bill Shorten MP
Minister for NDIS and Government Services Parliament House
Canberra ACT 2600

Cc: Mr Kurt Fearnley, Chair NDIA

Dear Minister

We refer to our joint letter of 25 May 2023 and the 2022-23 Annual Price Review (APR) recommendations including changes to Pricing Arrangement and Price Limits (PAPL) effective 1 July 2023. As stated previously, the disability provider sector strongly supports the NDIS and continues to work with the NDIA, the NDIS Review Co-Chairs and others to improve the scheme.

However, providers currently face a number of immediate challenges in respect of the ongoing viability of services. We outlined these challenges in our earlier correspondence, stating any decision that leads to an effective cut to pricing will lead to organisations reducing services or withdrawing from markets at the worst possible time: just prior to the critical reforms expected by the NDIS Review.

As forewarned in our letter, we are already seeing providers make those decisions to withdraw from critical markets, particularly therapy and support coordination markets. We are hearing increasingly from our members that this trend will continue to worsen.

We advise you of the following current situation in respect of prices for some services:

Core Supports

- While we acknowledge and appreciate the increases to the prices for a number of services in the pricing arrangements, the Fair Work Commission's decision and superannuation increase relate to disability supports worker wages exclusively, which is well short of the full inflationary impact on the sector.

- Unfortunately, much of the sector has had to continue to rely on the Temporary Loading introduced last year, which has reduced to 1%. We also note the continued, planned decrease of the Temporary Transformation Payment. As these temporary measures are reduced, the sector has often been forced to utilise dwindling reserves to cover the gap. While the temporary nature of these supports is understood, they are being taken away at a time when costs are increasing, and they are needed the most.

- The concern of our members, and the broader sector, is that the impact of these pricing decisions is so great that by the time the NDIS Review is able to make recommendations and see them implemented, we will see a much different and thinner market in place.

Therapy

- Therapy prices have been frozen for four years, which is effectively a cut despite clear evidence of increasing supply costs and wages. To highlight the problem this presents to providers, if the general inflation rate in Australia was applied to the NDIS therapy price, prior to the significant increase in 2019, the costs of NDIS therapy supports would be $211.96 per hour – which is a difference of more than $18 in real terms, compared to the current therapy rate.

- As a result of the pricing decision we expect to see a significant and growing retreat of registered providers from delivery of therapy services, particularly in regional Australia.

- The argument put forward by the NDIA in the Annual Price Review raises serious concerns for several reasons:
    a. A recommendation to not take action due to the ongoing work of the NDIS Review does not show independence from Government processes or strong market stewardship.
    b. While we acknowledge the issues raised about comparability with other therapy services funded by government, we strongly believe that these comparisons are overly simplistic and do not account for the evidenced based services required for disability services.
    c. Furthermore, as stated in the NDIA's 2022-23 APR report, NDIS therapy prices when assessed against other comparable Government insurance and funding schemes, now sit in the middle/lower range for some therapies offered by Allied Health Professionals.

Support Coordination

- The lack of increases for support coordination, for the fourth year in a row, is concerning. With no recognition of wage inflation or operating costs this represents a price cut for the fourth year in a row. Disability Intermediaries Australia (DIA) and NDS argued strongly for increases in pricing for these supports to reflect increased operating costs. We are concerned that the latest pricing announcement will result in good quality providers leaving the market. DIA data from last year showed 300 quality, registered providers left after last year's lack of indexation. DIA predicts upwards of 500 providers over this coming year. Although there are new providers entering the market, these tend to be smaller, less experienced and unregistered. We are concerned that the continued lack of indexation is driving reduced quality in support coordination.

We have all had productive conversations with the NDIS Review on these matters and trust we will see a number of recommendations related to pricing policy more broadly, however as you are aware, NDIS prices are not in scope for the NDIS Review.

We believe that the concerns of the sector must be addressed urgently and comprehensively outside of the NDIS Annual Price Review or NDIS Review processes, before we see more significant withdrawals from the market, ultimately impacting participants' ability to choose the services they want. There are precedents where the NDIA has implemented changes to pricing arrangements outside of the annual review cycle. So drastic are the circumstances faced by many providers as a result of the most recent pricing decisions, we ask that urgent consideration be given to such an out-of-cycle pricing update.

Specifically, we ask that the updated pricing:

- Factor in a further 2% to the core supports pricing for non-DSW-related CPI increases
- CPI indexation for therapy and Level 2 and 3 support coordination

We have again shared this letter with the NDIA Chair, Mr Kurt Fearnley and we will also discuss the ongoing viability of the sector with the Review Team. Further, given the concerns in the sector, we will contact your office in the near future and seek to discuss these issues with you directly.

Thank you for your consideration of these issues and your ongoing support to the sector.

Yours faithfully,

Andrew Rowley CEO Ability First Australia	Laurie Leigh CEO NDS	Rob White Chair Alliance 20