



National Disability Insurance Scheme : new deal for people with a disability

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UN Convention on Rights of People with a Disability¹

Purpose Full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities,

CDRP Principles

1. Respect for inherent dignity and individual autonomy of people with disabilities
2. Non-discrimination
3. Full and effective participation and inclusion
4. Respect for difference & acceptance
5. Equality of opportunity
6. Accessibility
7. Equality between men and women;
8. Respect for the evolving capacities of children with disabilities

NDIS early stages

Disability Interest Group²

(included John Walsh)

1. National Disability Insurance Scheme to deliver care and support for life for people with severe and profound disability using an individualised and lifetime approach
2. A strong income support system, and
3. A range of measures to enable increased private contributions

Productivity Commission 2011³

- John Walsh Associate Commissioner
- Reported in 2011
- Proposed an NDIS
 - Reasonable and necessary supports
 - Based on individuals' needs
 - No income or assets test
 - State based injury schemes to stay

NDIS Act 2012⁴

- Bi-partisan support (which continues)
- To commence in pilot sites in 2013
- Full rollout 2016-19
- Run by Commonwealth agency: NDIA
- Many States to vacate field
- WA not committed, but has State based alternative (NDIS My Way model)

Unmet demand for disability support

- 460,000 estimated eligible for NDIS
- 317,600 used disability services in 2011-12⁵
- Unmet need impacts on people with a disability, carers and families
- NDIS will double available support
- Result will be greater equity plus economic benefits as people with a disability and current carers will be more likely to join the workforce

Person centred approach

- Movement developed over 40 years
- Increasingly the approach in the UK, NZ and other countries
- Australian approach builds on initiatives in WA (long established), Victoria and other States

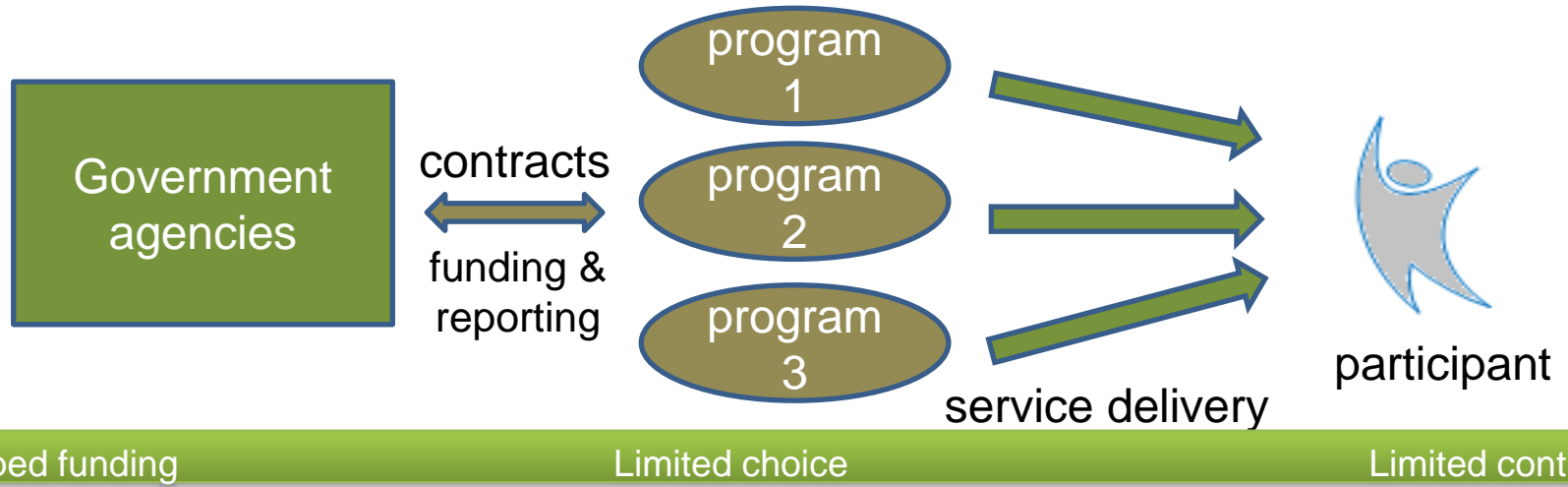
The pathway for a 'participant'

My NDIS Pathway

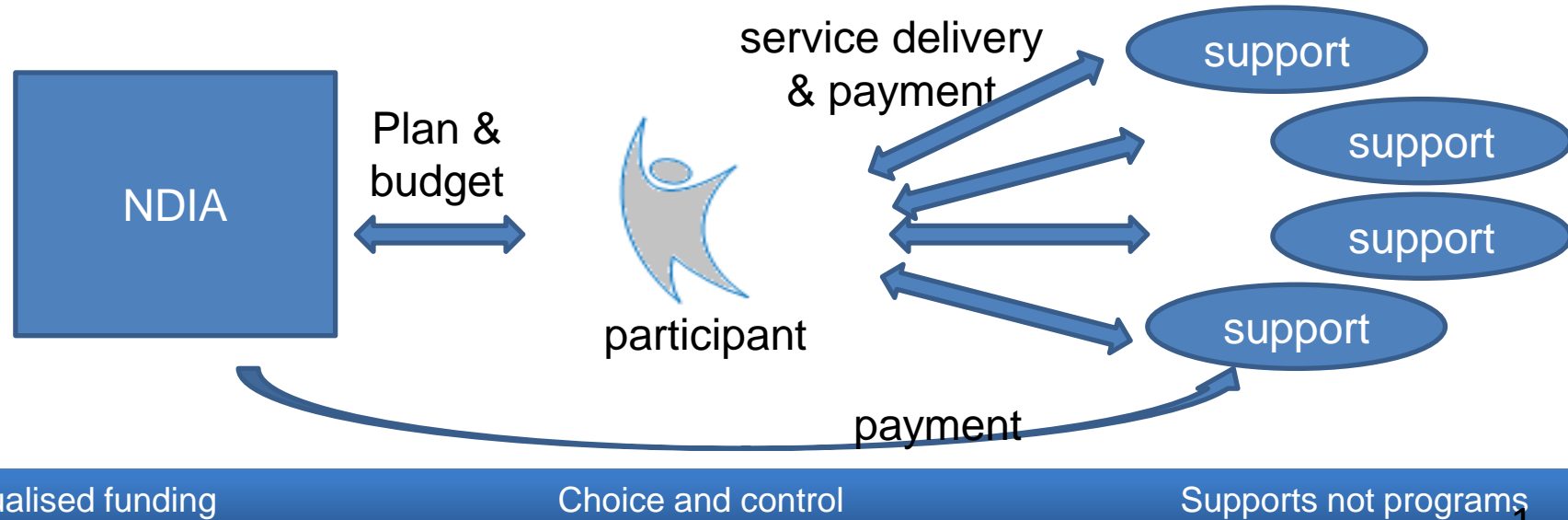


A new model

Old



New



Supports included in NDIS

- Person centred supports will necessarily be broad based
- Supports that will promote inclusion in the community and the workforce are essential inside the NDIS
- Increasing use of 'reference packages' and WHO's WHODAS 2.0 assessment tool (assesses difficulty)

Administration

- National Disability Insurance Agency: Commonwealth
- Many States and Territories aiming to vacate the field, including government operated services (not SA, WA)

The performance to 30 June 2015⁶

- 17,303 approved plans
- Average annualised package cost \$38,400
- ‘The first 24 months of scheme experience indicates that overall costs of the scheme are in line with expectations’
- Care with results to date because of mix of clients in trial sites
- In short, all is on track with a lot of experience gained

Approved Plans 30 June 2015

	Total	Indig	CALD	M	F
NSW	4,605	5%	2%	61%	39%
SA	4,660	4%	6%	72%	28%
TAS	959	8%	2%	64%	36%
VIC	4,392	2%	2%	59%	41%
ACT	1,427	3%	8%	65%	35%
NT	61	95%	77%	56%	44%
WA	1,199	4%	4%	66%	34%
Total	17,303	4%	4%	64%	36%

Supports included in approved plans

	Economic Participation	Education	Health/ Wellbeing	Independ- ence	Living Arrange- ments	Social Particip- ation	TOTAL
NSW	1,097	1,178	2,635	3,141	1,483	3,411	4,605
SA	39	2,289	2,864	4,136	169	4,034	4,660
TAS	479	358	311	606	333	636	959
VIC	1,128	1,099	2,515	3,036	1,429	3,418	4,392
ACT	344	744	842	1,123	467	1,097	1,427
NT	9	13	26	48	13	32	61
WA	355	338	542	886	180	971	1,199
Total	3,451	6,019	9,735	12,976	4,074	13,599	17,303

Principles: social insurance

- Unusual in Australia: Medicare, workers compensation
- Universal, no income or assets tests
- Usual approach is rationed, budget limited services

Objectives of Social Insurance⁷

- Efficiency
- Supporting living standards
- Reduction of inequality
- Social integration
- Administrative feasibility

(Barr, 1998)

Woodhouse Principles⁸

NZ Accident Compensation Scheme/
National Compensation Inquiry (1974)

- Community responsibility
- Comprehensive entitlement
- Complete rehabilitation
- Real compensation
- Administrative efficiency

NDIS Insurance Principles⁹

- Risk pooling
- Reasonable and necessary entitlement
- Active outcome management
- Actuarial cost estimation: claim frequency x claim size: **macro-modelling is complex**
- Independent prudential governance:
Governments are sole funder
- Longitudinal real-time data and reporting by a scheme actuary: **statistics a key issue**

Financing

- Commonwealth collects the DisabilityCare Australia (DCA) levy, 0.5% of taxable income; approx 25% reserved for States
- Commonwealth/State agreements provide for the States to make payments to the Commonwealth to offset NDIS expenses

2015 Budget: NDIS expenses^{10,11}

	Total expenses \$M	States' share \$M	Cwlth share \$M
2014-15	629	265	364
2015-16	1,079	491	588
2016-17	4,331	2,096	2,235
2017-18	11,785	5,961	5,824
2018-19	19,202	9,300	9,902

DCA Fund: Commonwealth share¹¹

	DCA levy Cwlth share \$M	NDIS expenses Cwlth share \$M	DCA Fund Earnings \$M	DCA Fund Cwlth surplus \$M
2014-15	2,687	364	58	2,381
2015-16	2,864	588	176	4,833
2016-17	3,008	2,235	261	5,867
2017-18	3,158	5,824	227	3,428
2018-19	3,328	9,902 (see below)	86	Nil

DCA Fund: States' share¹¹ (\$m)

	DCA levy States' share \$M	Payments to States ⁽¹⁾ \$M	DCA Fund Earnings ⁽²⁾ \$M	DCA Fund Surplus ⁽³⁾ \$M
2014-15	825	0	21	846
2015-16	854	68	62	1,694
2016-17	884	186	102	2,494
2017-18	915	321	140	3,228
2018-19	947	1,813	140	2,502

Commonwealth NDIS Expenses and Available Funds, 2018-19^{10,11,12} (\$m)

Estimated Commonwealth expenses	9902
Financed by:	
DCA levy income 2018-19	3,328
Accumulated SPP repayments	153
Estimated Commonwealth offsets (AGA)	2,550
Sub-Total	6,031
Net requirement	3,871
DCA Fund surplus (Commonwealth share)	3,428
DCA Fund earnings (Commonwealth share)	86
Sub-Total	3,514
Funding requirement (Commonwealth)	357

Commonwealth NDIS Expenses and Available Funds, 2019-20^{10,11,12} (\$m)

Estimated Commonwealth expenses	10,686
Financed by:	
DisabilityCare Australia levy	3,592
Offsets (AGA)	3,500
Sub-Total	7,092
Net Commonwealth Financing Requirement	3,594

Financing Summary: Commonwealth

- Commonwealth has substantial surpluses to 2016-17
- Accumulated surpluses cover 2017-18
- Small net financing requirement in 2018-19
- \$3.5 billion requirement in 2019-20

Some NDIS issues

1. People with complex needs
2. Injury
3. Service providers
4. National disability services statistics

People with Complex Needs¹³

- Need NDIS and mainstream services: housing, health, education, employment
- Mainstream services are budget limited, in high demand
- Risk of cost shifting to NDIS
- Participants will need assistance, advocacy, ‘wrangling’ to obtain necessary mainstream and NDIS services

Injured people in the NDIS

- National Injury Insurance Scheme
- At least a ‘catastrophic’ no fault scheme in each jurisdiction (NSW has Lifetime Care scheme the benchmark)
- State compensation systems continue, notably common law claims for other injuries
- Rehabilitation and mainstream services may be included, so more generous coverage for some, but administrative complexity and uncertainty
- NDIS subsidiary to NIIS

Why retain Fault based Compensation

PC Report³ Ch 17 gave an excellent summary of the reasons to get rid of fault

- Uncertain
- Slow
- Expensive
- Disincentive to rehabilitation
- Lump sums: inadequate or too much

Arguments have been made for 40 years

NZ abolished common law compensation in 1974

PC illustration³: Ch 17, P 847

‘The no-fault system can provide the same support and care services for 19 per cent lower costs than a fault system’

‘The no-fault system can deliver nearly 33 per cent more services than the fault-based system for the same price’

Law Council 2014

No change in lawyers' pro fault position

- 'All catastrophically injured individuals should receive appropriate quality care and support;
- Common law is the most efficient and cost-effective means of determining compensation for injury;
- One scheme is better than two – it would be more effective to simply bring all cases under the NDIS, and allow parties who may have a common law claim to proceed thereby preventing further costs falling to the NDIS'

Source: Law Council of Australia¹⁴

NDIS Impact on Service Providers

- Seller of support, not government funded
- Marketing skills essential
- Billing and collection systems needed
- Working capital requirement
- Pricing: currently set by NDIA, inadequate for quality service
- Possible new entrants, including for profits

National Disability Services Statistics

- National data under Disability Services Agreement
- National minimum data set (NMDS), collated by AIHW (support needs, living arrangements)
- Supply can be linked to demand (ABS)
- NDIS not providing data to AIHW, not using NMDS
- So AIHW collection will fade away
- Need a national agreement to ensure data collection and independent public reporting

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