Mental Health Australia

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[Minister Name]

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19 May 2016

Dear [INSERT NAME]

We write to you as a member of the COAG Disability Reform Council, regarding the scheduled 2017 Productivity Commission (PC) review of the National Disability Insurance Scheme (NDIS). The NDIS Heads of Agreement provide that:

> *In July 2017, the Ministerial Council will set out terms of reference for a Productivity Commission independent review of scheme costs prior to commencement of the full scheme… for COAG consideration. The PC will report no later than 31 December 2017. The review will examine the sustainability of scheme costs, jurisdictional capacity, cost pressures (including wages pressures), changes in the agreed escalation parameters, if efficiencies have been achieved within the scheme and whether there has been any impact on mainstream services. The review will also examine the most appropriate levers to manage any potential cost overruns.*

We consider that it is vital that the PC review include detailed terms of reference about the interaction between mental health and the NDIS.

Pace of change

The mental health sector is currently undergoing multiple reform processes, in addition to the NDIS. These include:

- the Australian Government's response to the National Mental Health Commission's Review of Mental Health Programmes and Services, which will see major changes in the funding and structure of mental health services across Australia;
- the forthcoming 5th National Mental Health and Suicide Prevention Plan, which is likely to bring further change to the sector; and
- new mental health legislation in many states and territories.

Therefore, the mental health sector needs additional time to embrace and adopt the current reform agenda, before even more changes are imposed on the sector. The PC should take the pace of change in the mental health sector into account in its review.

Interaction with mainstream systems

In 2011, the PC recommended that "[t]he NDIS should put in place memoranda of understanding with the health, mental health, aged and palliative care sectors to ensure that

individuals do not fall ‘between the cracks’ of the respective schemes, and to have effective protocols for timely and smooth referrals.”

Unfortunately, we are yet to see any detailed plans or agreements to ensure smooth referrals. This is being made more complex by the current reforms to the broader health and mental health sectors, including transferring responsibilities for many mental health programmes to Primary Health Networks, and the trial of patient care plans and ‘Health Care Homes’ in the primary care system.

While we have seen many local health networks invest significant resources into helping their patients enter the NDIS, anecdotal evidence indicates that the quality of engagement between the NDIA and mainstream health services is likely to differ significantly across the country, as more regions enter the scheme.

In particular, we are concerned that unless mainstream interfaces are adequate, it is likely long-term cost pressures on the NDIS will grow, rather than diminish.

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*We **recommend** that the Productivity Commission consider whether the NDIA and governments have put in place appropriate measures to meet the needs of people with disabilities and associated health problems that will continue to need support from mainstream service systems, following the transition to the NDIS, and to consider what further actions are required in the health, mental health, aged care, employment, education, justice and housing systems to meet these needs.*

Eligibility numbers and criteria

Using the most recent data, as well as the National Mental Health Service Planning Framework, the PC should re-assessing their mental health eligibility criteria and the estimate of the size of the cohort.

In 2012, the Australian Government Actuary (AGA), split the group of Australians with mental illness into 4 categories:

Description	Care Needs	NDIS Coverage
1) Episodic mental illness (est. 321,000 people)	Clinical services	Not included
	Disability support services may occasionally be required, particularly during a lengthy episode of illness	Not included
2) Severe and persistent mental illness but can manage own access to support systems (est. 103,000 people)	Clinical services	Not included
	Social inclusion programs	Not included

Description	Care Needs	NDIS Coverage
3) Complex needs requiring co-ordinated services from multiple agencies (est. 56,000)	One on one support from a carer	Included
	Supported accommodation, where appropriate	Included
	Clinical services	Not included
	Social inclusion programs	Included
4) Institutional care (est. 2,000)	24 hr care in the mental health sector	Not included

As part of this, the AGA identified that around 103,000 people with severe and persistent mental illness (group 2 in the table above), who are likely to need social inclusion/disability support programmes, will not be included in the NDIS. The AGA went on to say:

> Only those in the third subgroup (those with complex care needs) have been assumed to be eligible for supports under the NDIS. This was justified on the basis that this would be the only group with an enduring need for high level disability support services. Our reading of the PC report would not suggest that the NDIS is to be restricted to those with high level needs; rather the critical factors are the permanence and significance of the disability and the need for support….
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> The second group would appear to qualify both on the grounds of a permanent and significant disability. Indeed the mental health experts agreed that the disability support services, other than one-on-one care, required by the second and third groups would be roughly similar. Thus, on the surface, it would appear inconsistent with the PC's proposed eligibility to exclude the second group.[1]

The issue of who is not eligible for the NDIS is of great significance in mental health, as there is a real risk of people missing out on services, and a reduction in the breadth of services available. Actions by state and territory governments since the first agreements indicate substantial variation in the level of support for this population that will be available once the NDIS is at full operations. In some states, there is widespread alarm at what is expected to be a large reduction in service availability, despite governments agreeing to the principle that services should continue to be available at or above pre-scheme levels.

Last year, Mental Health Australia provided briefings to Commonwealth, state and territory public servants on a technical paper (attached) that seeks to quantify the issues around people with severe mental illness and the NDIS. The paper uses the draft Mental Health Service Planning Framework to estimate that approximately 289,000 people with a severe mental illness will need individualised, intensive "NDIS-like" community supports in any 12-month period. This is approximately 5 times the estimated number of people with a psychosocial disability that are forecast to be eligible for the NDIS. In addition, there are around 153,000 mental health consumers whose carers require some form of support.

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[1] http://www.treasury.gov.au/~/media/Treasury/Access%20to%20Information/Disclosure%20Log/2012/National%20Disability%20Insurance%20Scheme%20Costings%20Review%20by%20the%20Australian%20Government%20Actuary/Downloads/PDF/doc1.ashx

We are agnostic about which system, and which level of government should be responsible for providing services to this group of people. However, we are deeply concerned that it is currently unclear who, if anyone, has policy responsibility for this cohort and how these issues are going to be resolved. In particular, we are concerned that unless adequate supports are provided for this cohort, it is likely to put significant long-term cost pressures onto the NDIS. This situation has remained largely the same since the first heads of agreement were signed.

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*We **recommend** that the PC give further consideration to the psychosocial disability eligibility criteria and the estimate of the size of the cohort.*

*We **recommend** that the PC consider the appropriate way of providing social inclusion and disability support services for people with severe and persistent mental illness, who are not eligible for the NDIS*

In scope programmes

One of the greatest areas of uncertainty is around the rolling in of existing funding and mental health programmes (such as Commonwealth-funded Partners in Recovery, Day to Day Living and Personal Helpers and Mentors), as well as funding to state and territory governments. As the AGA stated:

> The PC assumed that all current State grants to NGOs to provide support to those with mental illness would be available as offsets. Our discussions with the mental health experts made it clear that if the NDIS were to be restricted to the group with complex needs, there would be considerable demand for the services provided by this sector from the residual 100,000 individuals with severe and persistent mental illness who are able to manage their own access. Their advice was that, at present, the bulk of these services are going to those with the complex needs and that there is substantial unmet need from the larger group. They estimated a cost of $312 million to meet these needs, suggesting that none of the $262 million taken as offsets should be included. It is possible that similar issues apply to the Commonwealth-funded Support for Day to Day Living in the Community, which accounts for a further $14 million of offsets.
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> The issue of offsets is inextricably linked to the assumptions around population. If it is assumed that the population that can manage its own needs is entirely excluded from the NDIS, then the offsets would have been overstated by around $270 million.[2]

The AGA estimates indicate that if too many programmes are rolled into the NDIS, there is a real risk of people missing out on services.

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[2] http://www.treasury.gov.au/~/media/Treasury/Access%20to%20Information/Disclosure%20Log/2012/National%20Disability%20Insurance%20Scheme%20Costings%20Review%20by%20the%20Australian%20Government%20Actuary/Downloads/PDF/doc1.ashx

*We **recommend** that the Productivity Commission consider which mental health programmes and funding should be rolled into the NDIS, or retained outside the NDIS.*

Independent Pricing Authority

In the aged care sector, the government established the Aged Care Financing Authority (ACFA), to provide independent advice to the Government on funding and financing issues, informed by consultation with consumers, and the aged care and finance sectors.

The ACFA brings together providers, employee representatives, finance and business experts to provide advice on the impact of funding and financing arrangements on:

- the viability and sustainability of the aged care sector;
- the ability of care recipients to access quality aged care; and
- the aged care workforce.

The ACFA was established in 2012, to monitor the introduction of the *Living Longer Living Better* reforms to aged care. At the time, the then government noted that "as with any significant change, it is important the transition… is managed efficiently and effectively."

*We **recommend** that the Productivity Commission consider the benefits of establishing an independent pricing authority to provide independent advice to government.*

Pricing for psychosocial supports

Since rollout of the NDIS commenced in launch sites, mental health providers have raised concerns about the match between the hourly prices paid by the NDIA for psychosocial support work and the reality of delivering that work by suitably qualified personnel. Some providers have described their work in launch sites as 'loss-leading', undertaken under the assumption that it will be eventually become apparent to the NDIA that its pricing structures need revisiting, and acknowledging that this is one of a myriad of implementation challenges.

Less optimistically, some mental health providers envisage a 'race to the bottom', where a less skilled workforce becomes a competitive advantage and choice for participants is eroded over time, as providers become unable to support more highly trained workers under the terms set by the NDIA.

Mental Health Australia provided a submission to the NDIA's *Personal Care and Community Participation 2016/17 Price Review* (attached) highlighted a range of specific issues the mental health sector has with the current pricing regime, including ensuring service providers have sufficient funds to:

- develop and trial innovating service delivery methods;
- co-ordinate with their participants' other service providers;

- invest in improved ICT infrastructure, which has been identified by both the NDIA and the PC as vital to improve the sectors' efficiency;
- pay a workforce with sufficient skills in dealing with people with complex needs;
- ensure access to translators and interpreters; and
- invest in sufficient training, supervision and support for their workforce, in particular where staff have specific continuing professional development/education requirements.

These issues were recognised by the PC in their 2011 report, where they noted:

> the skill set for workers providing supports for those with psychiatric disability is typically more specialised than for disability workers generally. A recent review found that 45% of mental health staff providing non-clinical community-based supports held a tertiary degree, with 49% holding a VET qualification (only 6% held no formal qualification)…
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> the workforce [for psychosocial support] will typically require more complex skills than those providing many forms of attendant care.[3]

The concerns about the current NDIS pricing is much broader than mental health providers. National Disability Services, representing the broader disability sector, has stated that current pricing is inadequate and have also raised issues around training, supervision and support. However, it is important to recognise that there are some mental-health specific issues that need to be considered in any pricing structure.

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*We **recommend** that the Productivity Commission consider whether the pricing of psychosocial supports is appropriate and sufficient to ensure the ongoing sustainability of the sector.*

Workforce

The PC noted that the NDIS would lead to a significant increase in the demand for qualified staff, and that this was one of the major risks in the implementation of the NDIS. However, it noted that:

> Overall, the creation of the NDIS (and the NIIS) would have significant positive impacts on the disability workforce. The new system will translate to greater pay, more jobs, better working conditions, the capacity for innovative practice, enough resources to do the job properly, recognition of the critical role of workers, more choice of employers, and greater satisfaction from working in a system that achieves better outcomes for the people they support. These outcomes will be critical to attracting the workforce needed to underpin the expansion of the NDIS.

[3] pp27 & 191

In order to achieve this goal, the PC recommended, inter alia, that "[t]he NDIA should work with providers to identify likely areas of workforce shortages, and strategies to address them", which could include training subsidies.[4]

All governments, as well as the PC, now recognise that there are significant workforce shortages across all mental health professional groups,[5] in particular the non-clinical workforce. The PC noted that:

> Attracting and retaining staff in this area presents a particular challenge.… [and t]he role of these community support workers is poorly understood, and hence undervalued, by the traditional mental health sector.

Unfortunately, feedback from the mental health sector has been that the pricing determinations by the NDIA to date have had negative impacts on the workforce. This has included forcing service providers to reduce the quality of services they provide, hiring less-skilled and less-qualified staff, and an increased casualization of the workforce.

While we welcome the investments made through the Sector Development Fund, we are concerned about the lack of supply side initiatives to support the necessary workforce growth.

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*We **recommend** that the Productivity Commission consider if further action is required to support the development of the mental health and psychosocial support workforce for the NDIS.*

Transition support

All governments have recognised the importance of assisting service providers to transition programmes from block funding to individualised funding. While the NDIS is rolling out, there is a risk of significant fluctuations in provider income, as plans are developed and approved and the market is created. Consequently, some essential services may not be available locally for people who need them.

We propose the Commonwealth Government guarantees that, for the period of transition, existing Health- and DSS-funded service providers in programmes being rolled into the NDIS, will receive at least the same amount, indexed for inflation, that they received immediately prior to NDIS rollout. This approach would ensure service providers have the certainty they need to invest in the future. This investment in sector capacity would pay longer-term dividends for both governments and NDIS participants by shielding future suppliers of NDIS-funded services from unnecessary disruption during a period of policy uncertainty.

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*We **recommend** that the Productivity Commission consider if any further transitional assistance for service providers is required.*

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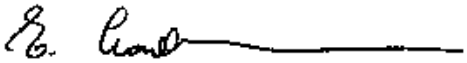
[44] Recommendations 15.1 and 15.2,

[5] PC inquiry, p745;

We look forward to participating in the Productivity Commission's inquiry in 2017.

Sincerely

Frank Quinlan
Chief Executive Officer
Mental Health Australia



Elizabeth Crowther
President
Community Mental Health Australia

Endorsed by

Mental Health Community Coalition of the ACT
Mental Health Coordinating Council
Mental Health Council of Tasmania
Mental Health Coalition of South Australia
Northern Territory Mental Health Coalition
Psychiatric Disability Services of Victoria (VICSERV)
Queensland Alliance
Western Australia Association for Mental Health

Attachments

- The implementation and operation of the psychiatric disability elements of the National Disability Insurance Scheme: A recommended set of approaches
- Submission to the NDIA's Personal Care and Community Participation 2016/17 Price Review