

# Removing anomalies in plan management

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## Purpose

The purpose of this paper is to identify anomalies in the implementation of plan management supports that discourage participants from self-managing or using a plan management provider.

The paper provides key recommendations that will support the Board's commitment to increase the uptake of self-management to 30% of the participant cohort by 2020, and improve plan management practices and approaches.

## Background

The Self-Management Reference Group (SMRG) of the IAC and the IAC are concerned that two current NDIA requirements related to plan management discourage self-management and inhibit choice and control for participants. The requirements are that:

- self-managing participants (or their nominees) personally process payment requests via the myplace portal. This prevents a participant from contracting a plan manager or financial intermediary to process payments on their behalf.
- participants using a plan management provider are required to observe price controls and associated arrangements.

These requirements appear to be at odds with NDIA intentions to assist participants to self-manage their funding and appear to reflect the unintended consequences of requirements developed for other purposes. By making it more difficult for participants to self-manage, the requirements detract from Scheme sustainability by reducing the opportunity for participants to seek value for money associated with self-management and the use of a plan management provider.

The advice is supported by the SMRG and the IAC and is consistent with advice by the Intermediaries Review conducted by the Boston Consulting Group.

## Discussion

### **Self-managing participants are required to personally process payment requests through the portal**

#### **Current practice**

The myplace portal is linked to a participant's personal mygov account. There is currently no mechanism for a self-managing participant to use a Plan Manager or Financial Intermediary to assist with administration of funds. Managing all aspects of funding including processing and tracking payments using the current systems can be a time consuming and administratively burdensome task.

### **The challenge widely acknowledged**

The onerous nature of the administration of self-management have been reported widely. The IAC raised the issue with the NDIA Board in its 2017 advice on self-management. The SMRG have cited examples of participants and nominees who would prefer to self-manage and have readily identifiable skills for self-management but are unable to due to current workload and time commitment. The SMRG also drew attention to tired self-managing participants having their holidays interrupted in order to make payment requests through the portal to ensure staff were paid.

The Intermediaries Review conducted by the Boston Consulting Group also drew attention to the onerous nature of self-management and recommended that plan management providers be allowed to submit transactions on behalf of self-managing participants and self-managed sections of plans as a step to reduce the administrative burden of plan implementation and management.

The NDIA have noted instances whereby a plan manager has been engaged by a self-managing participant to reduce the administrative load, however the service provided by the plan management provider has been limited to preparing documentation and supporting the participant through the myplace portal claiming process. This may be suitable for some participants, however does not meet the needs and preferences of many. Furthermore, self-managing participants do not generally have funding included in their plan for plan management services or other supports to assist with effectively managing their plan funding. Generally, if a self-manager wants to access this type of support it is funded through savings or trade-offs in the plan, or directly from personal income.

### **Resolution**

This issue could be resolved if the NDIA permitted self-managers to authorise a Plan Manager or other Financial Intermediaries to administer payments on their behalf.

A plan management provider could assist with setting up and effectively administering self-managed funding in accordance with the NDIS plan. This may include assistance with some aspects of negotiating best value for money, establishing a clear budget and effective payment systems, providing financial intermediary support to process and track payments or assistance to track, monitor and report on self-managed funding expenditure and associated outcomes.

The Plan Manager or other Financial Intermediary, authorised to administer payments on behalf of a self-managing participant would be subject to the same auditing requirement as the self-managing participant thereby mitigating any perceived increased risk.

### **Benefits**

Enabling self-managing participants to use a plan management provider is imperative to ensure self-management is a viable option for participants and their nominees. It would also provide a valuable support and safeguard for participants and the NDIA.

Plan management and other Financial Intermediary supports would assist self-managers to meet the NDIA's administrative requirements, develop their capacity to manage their plan and funding effectively, whilst reducing the current workload associated with self-management. If implemented correctly these supports could also strengthen the NDIA's assurance practices by providing a significant safeguard for participants and the NDIA, and a viable support option to mitigate potential risks identified where a participant or nominee requests to self-manage funding.

## **Participants who use a plan management provider are required to observe price controls and associated arrangements**

### **Current practice**

Price controls are in place in order to maintain affordability of services at a time when there are market imbalances such that demand is greater than supply, providers have greater market power than participants and there is an imbalance of information between providers and participants. Currently, the NDIA is concerned that most participants are not yet able to negotiate value for money support that is responsive to their specific circumstances.

Participants who use a plan management provider are required to observe price controls. Self-managing participants are exempt from price controls because the high degree of control they have over their funding provides a significant safeguard and a risk assessment is conducted to identify any potential risks associated with self-management.

### **The challenge widely acknowledged**

Participants transitioned from state and territory programs with self-management and shared management options have long expressed strong concern that the NDIA option most similar to shared management, the use of a plan management provider, thwarts the choice and control they experienced prior to the NDIS.

The SMRG and the IAC have expressed concern that price controls thwart opportunities for participants to make informed decisions in relation to trade-offs between quality and quantity and seek value for money support responsive to participant goals and circumstances. The SMRG argued that the price guide encourages participants to shape their support to line items in a catalogue leading to a support worker / babysitting approach that inhibits innovation.

The SMRG was unanimous in its view that participants using a plan management provider do not require the protection of price controls because the plan management provider is their safeguard to manage risks associated with providers having greater power than participants. Members stressed that a plan management provider should be viewed as administrative support for self-managers and the need or desire for administrative support should not penalise participants by the imposition of price controls and decreased flexibility.

However, where a plan management provider is also the provider of core supports in the participant's plan, price controls are still required. This is because in this situation, participant

safeguards in negotiating service agreements that focus clearly on their best interest and circumstances cannot be guaranteed.

## Resolution

The resolution proposed is for plan managers that are not providers of core supports.

The issue can be resolved if the NDIA implements appropriate strategies so Price Controls for Plan Managers can be lifted (even if this is specifically in relation to self-managers using a plan manager in the first phase).

This may involve ensuring Plan Management providers are appropriately supporting participants to administer funds in a way that represents best value for money for the participant linked to plan outcomes.

## Benefits

The removal of price controls from participants who use a plan management provider would enable participants to shape support more effectively to their disability needs and circumstances through innovative options. It would also enhance Scheme sustainability by providing safeguards and encouraging more participants to seek value for money options in a safeguarded way.

The variable treatment in relation to price controls for plan management providers that also provide core supports will send a clear message to all stakeholders.

## Recommendations

That the NDIA:

- 1 permits self-managers to authorise a Plan Manager or other Financial Intermediary that is not also a provider of core supports to a participant, to administer payments on their behalf
- 2 recognises the safeguard provided by a plan management provider that does not also provide core supports and hence implements appropriate strategies so Price Controls for Plan Managers that do not provide core supports can be lifted.

The implementation of these recommendations will reduce the administrative burden of self-management and will make use of a plan management provider more attractive.