

Annual Price Review

2021-22

Submission Update

Disability Intermediaries Australia Ltd.

SUBMISSION UPDATE BY

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ACKNOWLEDGEMENT OF COUNTRY

Disability Intermediaries Australia respectfully acknowledges Australia's Aboriginal and Torres Strait Islander communities and their rich culture and pays respect to their Elders past, present and emerging. We acknowledge Aboriginal and Torres Strait Islander peoples as Australia's first peoples and as the traditional owners and custodians of the land and water on which we rely.

We recognise and value the ongoing contribution of Aboriginal and Torres Strait Islander peoples and communities to Australian life and how this enriches us. We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

ACKNOWLEDGEMENT OF RIGHTS OF PEOPLE WITH A DISABILITY

Disability Intermediaries Australia acknowledges the objectives of the United Nations Convention on the Rights of Persons with Disabilities which affirms that all persons with all types of disabilities must enjoy all human rights and fundamental freedoms.

Disability Intermediaries Australia embraces this Convention as we continue to support choice and control for all Australians with a disability.



1. UPDATE SUMMARY

Disability Intermediaries Australia Limited (DIA) is pleased to present this update to our submission which sets out how the Fair Work 2021-22 Annual Wage Review decision is applied to the cost model submitted on the 28th of November 2022.

As noted in DIA's previous submission DIA did not attempt to anticipate, calculate or model what the outcome of the Fair Work 2021-22 Annual Wage Review process.

Based on the Fair Work announcement on the 15th of June 2022, DIA provides this submission update with an adjustment to the base rates which are driven by the SCHADS award.

As per the Fair Work announcement the wage rates contained within our model have been updated by the 4.6% increase to the modern awards.



COST MODEL – PLAN MANAGEMENT

BASE PAY – PLAN MANAGEMENT

The Plan Management sector is progressively moving towards higher levels of employees employed under the SCHADS Award with a significant number of recent survey respondents indicating the need to pay above the Clerks Award (if this is being referenced as applicable agreement) to attract staff.

From the data collected (see section 2. Survey Result – Pay Conditions) the most representative base pay bands were \$30 to \$34 and between \$35 and \$39.

These results align with the Level 3.4 pay point of the SCHADS Award which is currently (November 2021) set at \$34.90, plus the 4.6% Fair Work 2021-22 Annual Price Review decision.

Base Rate			
Award	SCHADS 3.4	Fair Work 2021-22 Decision 01/07/22 +4.6%	\$1.61
Hourly Rate	\$34.90	Revised Hourly Rate	\$36.51

LEAVE ENTITLEMENTS – PLAN MANAGEMENT

The Cost Model assumes that each Participant Facing employee is entitled to:

- 20 days of annual leave;
- 10 days of personal leave; and
- 10 days of Public Holidays (as per the NDIA DSW Cost model rationale).

These leave entitlements and subsequent costs are accrued by the employer for each hour the employee works. The Cost Model accounts for this by adding these entitlements to the base level of pay received by the worker. The Cost Model also assumes the SCHADS weekly hours worked (38) and the number of days worked being 220.

The Cost Model does not include a shift loading as the typical working hours of a Plan Management worker are business hours between Monday and Friday.

Leave			
Cumulative cost per hour before leave <i>(revised base rate)</i>		\$36.51	
Annual Leave Hours		152	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$3.32	
Personal Leave Hours		76	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$1.66	
Public Holidays		76	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$1.66	
		Cumulative Cost	
		Cumulative cost per hour after leave costs	\$43.14
		Increase from revised base rate	15%

EMPLOYEE ON COSTS – PLAN MANAGEMENT

Superannuation is added at the statutory minimum. It was found that the payment of Allowances was not widespread in Plan Management so have not been included. Workers Compensation was found to be 2% across the sector.

On Costs

Cumulative cost per hour before on costs \$43.14

Superannuation

Superannuation Rate 10%

Superannuation Cost per worked hour \$4.31

Workers Compensation

Premium Rate 2%

Premium Cost per worked hour \$0.86

Allowances

Allowance Rate Nil

Allowance Cost per worked hour Nil

Cumulative Cost

Cumulative cost per hour after On Costs \$48.32

Increase from revised base rate 24%

SUPERVISION – PLAN MANAGEMENT

Plan Management workers require supervision, training and guidance from more senior and skilled workers which the Cost Model recognises and incorporates.

The sector indicated, via the DIA survey, that Supervisors are paid within a band that translates to the Level 4.4 SCHADS pay point. Based on DIA analytics and knowledge, the Cost Model assumes that a Supervisor will oversee nine (9) participant facing Plan Management workers.

The Cost Model assumes that Supervisors accrue Leave and On Costs on the same basis as the Participant Facing workers.

Supervision

Cumulative cost per hour before Supervision \$48.32

Supervision

Level (SCHADS Equiv.) 4.4

Base Pay \$42.25

Leave Costs \$7.68

On Costs \$5.99

Span of Control

Span of Control 9.0

Cost of Supervision per worked hour \$6.21

Cumulative Cost

Cumulative cost per hour after Supervision costs \$54.53

Increase from base rate 33%

UTILISATION – PLAN MANAGEMENT

In addition to mandated breaks afforded under the SCHADS Award, workers undertaking Plan Management require training and will also, in their normal course of employment, spend time on general activities that are not within the scope of the funded NDIA support.

The Cost Model recognises this and with the results from the survey, has set an assumption that a participant facing Plan Management worker would spend 84% of their time delivering NDIA funded support. The remaining time is spent on breaks, in training or other general activities.

Utilisation	
Cumulative cost per hour before Utilisation	\$54.53
<u>Utilisation</u>	
Breaks	4%
Training	6%
Other	6%
Utilisation Total	84%
Cost of Utilisation per worked hour	\$8.73
Cumulative Cost	
Cumulative cost per hour after Utilisation costs	\$63.26
Increase from base rate	42%

OVERHEADS – PLAN MANAGEMENT

The Cost Model assumes that corporate overheads are equal to 18% of direct costs (those costs as set out above).

Overheads			
Cumulative cost per hour before Overheads	\$63.26		
<u>Overheads</u>			
Rent	3%		
Information Tech.	9%		
Audit and Compliance	1%		
Marketing	4%		
Other	1%		
Overheads Total	18%		
Cost of Overheads per worked hour	\$11.29		
		Cumulative Cost	
		Cumulative cost per hour after Overheads	\$74.55
		Increase from base rate	51%

Marketing / Google Ads

In previous NDIA Annual Price Reviews (see 2019) there was commentary by the NDIA around the cost and fees being paid by Plan Managers to advertise their business on platforms such as Google Ads.

An analysis of Google Ad ‘Keywords’ has shown that ‘NDIS plan management’ is an actively searched term with online marketing being an important element for attracting participants to a provider. Advertisers pay via a ‘Cost per Click’ (CPC) methodology with a higher CPC representing a higher conversion rate from a click to a sale of the good on offer which in this instance the provision of Plan Management supports.

DIA’s analysis shows that the keyword search ‘NDIS plan management’ has a CPC of \$11.35. Using applicable conversion rates for each support, 19% for Plan Management (based on research via Google Ad Analytics and the underlying nature of the purchasing decision being made) the cost of obtaining a participant for Plan Management is approximately 4% of the yearly revenue (Monthly Fee and Establishment Fee).

The Overhead assumption in this Cost Models has incorporated such costs.

MARGIN – PLAN MANAGEMENT

A 5% margin has been assumed to reflect the requirement for organisations to be sustainable and to facilitate investment and innovation in providing quality Plan Management to NDIS participants.

Margin

Cumulative cost per hour before Margin \$74.55

Margin

Margin as a share of other costs 5%

Margin Cost per worked hour \$3.73

Cumulative Cost

Cumulative cost per hour after Margin \$78.28

MONTHLY PRICE – PLAN MANAGEMENT

The current pricing structure of the Plan Management support item is a flat monthly fee per participant supported by the RPMP.

For the hourly rate to be converted to a monthly price, an assumption needs to be made with regard to the number of hours a Plan Manager would spend on each participant per month.

The Cost Model has set this assumption at the historical ratio of 1.48. DIA recognise that this rate is an average and does not indicate the hours of service for each individual participant.

By setting a monthly price for this service there is an expectation that Plan Managers will engage some participants for less than 1.48 hours and others for more than 1.48 hours. This variation of service hours will be driven by a range of factors, including:

- Volume of disability services being provided to the participant;
- Complexity of the participants support needs;
- Scale of funding within the participants NDIS plan;
- Level of service flexibility the participant is seeking.

Monthly Fee			
Cumulative hourly cost	\$78.28		
Hours of service per month	1.48	Cumulative Monthly Price	
Monthly Price	\$115.85	Cumulative monthly price	\$115.85

SET-UP COSTS – PLAN MANAGEMENT

Over the life of a participants plan, DIA’s data indicates that Plan Managers on average spend 4 hours on ‘Set-Up’ activities. The current Set-Up Costs mechanism of being payable only once per plan creates a number of situations which negatively impact participants including:

1. Where a participant wants to move from one Plan Manager to another mid-plan (exercising choice and control) the receiving Plan Manager cannot claim or recoup the setup costs of onboarding a new participant. This is a significant disincentive for Plan Managers to onboard participant’s mid-plan; and
2. Establishment Activities extend beyond just the beginning of a new plan. Throughout the course of a plan a Plan Manager will undertake ‘set-up activities based on:
 - a. A participant’s choice to use their plan funds flexibly – in line with the NDIA policy;
 - b. Responding to moments of crisis or change in support direction / methodology;
 - c. Participant led and driven trial and error of different supports to meet their needs.

This agility is encouraged and is one of the key benefits for participants utilising Plan Management, however this leads to Plan Managers conducting ‘set-up’ activities over the course of the plan.

By allocating the set-up costs into the monthly fee this ensures that funding more adequately reflects the workload and service delivered by plan managers regardless of if they are the first or subsequent plan manager.

Further this also has a positive impact on service quality as it becomes more financially viable and beneficial for each plan manager to retain their existing clients rather than seeking to focus on attract new clients at the beginning of their plan.

DIA contends that:

1. At a minimum the Set-Up Costs, be based on 4 hours at this cost models hourly rate; and
2. The Set-Up Fee be amortised over a 12-month period (typical and historical plan duration) and that monthly value added to the monthly price for Plan Management support.

Set-Up Costs	National	Remote	Very Remote
Set-Up Costs – Amortised over 12 equal months	\$26.09	\$36.53	\$39.14

PLAN MANAGEMENT – PRICE

The Cost Model brings together the cost of the delivery of Plan Management supports and the amortised Establishment Fee to form one simple, easy to understand and transparent price for the delivery of the Plan Management support.

Plan Management

Item Number		National	Remote	Very Remote
14_034_0127_8_3	Plan Management – Monthly Fee			
	A monthly fee for the ongoing delivery of financial management arrangements.	\$115.85	\$162.19	\$173.78
	<i>Set-Up Costs – amortised over 12 months</i>	\$26.09	\$36.53	\$39.14
	Total Monthly Plan Management Fee	\$141.94	\$198.72	\$212.92

The amortising of the ‘Set-Up Fee’, must not be viewed as mutually exclusive with the rest of this Cost Model. In that if the NDIA seeks to not amortise the ‘Set-Up Fee’ then DIA would recommend all other elements of this cost model be accepted, save specifically for the amortisation of the Set-Up Costs.

VALUE FOR MONEY – PLAN MANAGEMENT

This Plan Management Cost Model presents tremendous value for money for both NDIS participants and the Scheme.

In 2020-21 RPMPs managed approximately \$12.43bn of committed Scheme funds.

For the same period RPMPs billed the Scheme \$337m for their services or just 2.7% of funds under management or 4% of funds claimed.

To compare and contrast adjacent sectors, DIA’s research indicates that in 2020-21:

- Financial Services sector operated at around 14.6%;
- Administration and Support Services sector at around 8.7%;
- Health Care and Social Assistance sector (private) at around 18.0%;
- Administration and Insurance sector (public) at around 8.1%; and
- Professional Services sector operated at around 20.4%.

Source: Australian Bureau of Statistics 2020-21



SUPPORT COORDINATION COST MODELS

LEVEL 1: SUPPORT CONNECTION COST MODEL

Using the results from the DIA 2021-22 Annual Price Review – Pricing and Cost Model Survey, the May 2021 NDIA Financial Benchmarking Survey and ongoing Intermediary sector engagement, DIA has derived a Cost Model for the delivery of *Level 1: Support Connection* within the NDIS.

BASE PAY - LEVEL 1: SUPPORT CONNECTION

The Support Coordination sector is overwhelmingly dominated by employees employed under the SCHADS Award.

From the data collected, the most representative base pay band was ‘\$35 to \$39’ with 88% of respondents.

These results, and an alignment with the NDIA DSW Cost Model, result in the SCHADS Level 3.2 pay point which is currently (November 2021) set at \$33.48 being the per hour base pay rate for the Level 1

Base Rate			
Award	SCHADS 3.2	Fair Work 2021-22 Decision 01/07/22 +4.6%	\$1.54
Hourly Rate	\$33.48	Revised Hourly Rate	\$35.02

LEAVE ENTITLEMENTS - LEVEL 1: SUPPORT CONNECTION

The Cost Model assumes that each Level 1: Support Connection workers are entitled to:

- 20 days of annual leave;
- 10 days of personal leave; and
- 10 days of Public Holidays (as per the NDIA DSW Cost model rationale).

These leave entitlements and subsequent costs are accrued by the employer for each hour the employee works. The Cost Model accounts for this by adding these entitlements to the base level of pay received by the worker. The Cost Model also assumes the SCHADS weekly hours worked (38) and the number of days worked being 220.

The Cost Model does not include a shift loading as the typical working hours of Level 1 Support Coordinator are business hours between Monday and Friday.

Leave			
Cumulative cost per hour before leave <i>(revised base rate)</i>		\$35.02	
Annual Leave Hours		152	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$3.18	
Personal Leave Hours		76	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$1.59	
Public Holidays		76	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$1.59	
			Cumulative Cost
			Cumulative cost per hour after leave costs
			\$41.39
			Increase from base rate
			15%

EMPLOYEE ON-COSTS - LEVEL 1: SUPPORT CONNECTION

It was found that well over a half of respondents pay allowances with vehicle (\$1,289) and miscellaneous (\$300) representing the cost to employers.

Workers Compensation premiums were found to be 2% of wages and salaries of Support Coordinators. Superannuation is added at the statutory minimum.

On Costs

Cumulative cost per hour before on costs	\$41.39
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Superannuation

Superannuation Rate	10%
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Superannuation Cost per worked hour	\$4.14
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Workers Compensation

Premium Rate	2%
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Premium Cost per worked hour	\$0.83
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Allowances

Allowance Rate	\$1589.00
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Allowance Cost per worked hour	\$0.95
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Cumulative Cost

Cumulative cost per hour after On Costs	\$47.30
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Increase from base rate	26%
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SUPERVISION - LEVEL 1: SUPPORT CONNECTION

Support Coordinators require supervision, training and guidance from more senior and skilled workers which the Cost Model recognises and incorporates.

The sector indicated, via the DIA survey, that Supervisors of Level 1: Support Connection workers are paid within a band that translates to the Level 4.1 SCHADS pay point.

The Cost Model assumes that a Supervisor will oversee fifteen (15) Level 1: Support Connection, which aligns with the NDIA DSW Cost Model.

The Cost Model assumes that Supervisors accrue Leave and On Costs on the same basis as Level 1: Support Connection workers.

Supervision	
Cumulative cost per hour before Supervision	\$47.30
<u>Supervision</u>	
Level (SCHADS Equiv.)	4.1
Base Pay	\$39.27
Leave Costs	\$7.14
On Costs	\$6.34
<u>Span of Control</u>	
Span of Control	15
Cost of Supervision per worked hour	\$3.52
Cumulative Cost	
Cumulative cost per hour after Supervision costs	\$50.82
Increase from base rate	31%

UTILISATION - LEVEL 1: SUPPORT CONNECTION

In addition to mandated breaks afforded under the SCHADS Award, workers undertaking Support Coordination require training and will also, in their normal course of employment, spend time on general activities that are not within the scope of the funded NDIA support.

The Cost Model recognises this, and aligning with the NDIA DSW Cost Model, has set an assumption that a Level 1 Support Coordinator would spend 89% of their time delivering a NDIA funded support.

The remaining time is spent on breaks, in training or other general activities. Utilisation for Levels 2 and 3 are lower than Level 1 reflecting the more complicated nature of the support provided and more closely aligns with the survey results.

Utilisation			
Cumulative cost per hour before Utilisation	\$50.82		
<u>Utilisation</u>			
Breaks	4%		
Training, Professional Development & Case Consult	4%		
Other	3%		
Utilisation Total	89%		
		Cumulative Cost	
		Cumulative cost per hour after Utilisation costs	\$56.41
Cost of Utilisation per worked hour	\$5.59	Increase from base rate	38%

OVERHEADS - LEVEL 1: SUPPORT CONNECTION

The Cost Model assumes that corporate overheads are equal to 20% of direct costs (those costs as set out above).

Overheads	
Cumulative cost per hour before Overheads	\$56.41
<u>Overheads</u>	
Rent	5%
Information Tech.	5%
Audit and Compliance	3%
Marketing	3%
Fleet	3%
Other	1%
Overheads Total	20%
Cost of Overheads per worked hour	\$11.28
Cumulative Cost	
Cumulative cost per hour after Overheads	\$67.69
Increase from base rate	48%

Marketing / Google Ads

In previous NDIA Annual Price Reviews (see 2019) there was commentary by the NDIA around the cost and fees being paid by Support Coordinators to advertise their business on platforms such as Google Ads.

An analysis of Google Ad 'Keywords' has shown that 'NDIS Support Coordination' is an actively searched term and online marketing is an important element for attracting participants to a provider. Advertisers pay via a 'Cost per Click' (CPC) methodology with a higher CPC representing a higher conversion rate from a click to a sale of the good on offer, in this instance the provision of Support Coordination supports.

DIA's analysis shows that the keyword search 'NDIS Support Coordination' has a CPC of \$5.25. Using applicable conversion rates for each support, 10% for Support Coordination (based on research via Google Ad Analytics and the underlying nature of the purchasing decision being made) the cost of obtaining a participant for Support Coordination is approximately 2% of the yearly revenue of a Level 2 participant with 24 hours in their plan.

The Overhead assumption in this Cost Models has incorporated such costs.

STAFF RETENTION AND TURNOVER - LEVEL 1: SUPPORT CONNECTION

The respondents to the Support Coordination survey indicated that staff turnover is more focused on Levels 2 and 3 while overall staff retention initiatives are adding costs to providing Support Coordination supports. At Level 1, Employee Assistance Programs are widespread and typically cost \$500 per employee per annum.

Retention & Turnover

Cumulative cost per hour before on costs \$67.69

Retention

Retention Programs Including EAP, per annum per employee \$500.00

Flexible conditions including workload adjustments. Nil

Retention Cost per worked hour \$0.30

Turnover

Turnover/Replacement cost per annum Nil

Turnover Cost per worked hour \$0.00

Cumulative Cost

Cumulative cost per hour after Retention and Turnover \$67.99

MARGIN - LEVEL 1: SUPPORT CONNECTION

A 5% margin has been assumed to reflect the requirement for organisations to be sustainable and to facilitate investment and innovation in providing quality Level 1: Support Connection to NDIS participants.

Margin

Cumulative cost per hour before Margin \$67.99

Margin

Margin as a share of other costs 5%

Cost of Margin per worked hour \$3.40

Cumulative Cost

Cumulative cost per hour after Margin \$71.39



LEVEL 2: COORDINATION OF SUPPORTS COST MODEL

Using the results from the DIA 2021-22 Annual Price Review – Pricing and Cost Model Survey, the May 2021 NDIA Financial Benchmarking Survey and ongoing Intermediary sector engagement, DIA has derived a Cost Model for the delivery of *Level 2: Coordination of Supports* within the NDIS.

BASE PAY - LEVEL 2: COORDINATION OF SUPPORTS

The Support Coordination sector is overwhelmingly dominated by employees employed under the SCHADS Award.

From the data collected the most representative base pay band was \$40 to \$44 with 65% of respondents. This results in the SCHADS Level 4.4 pay point which is currently (November 2021) set at \$40.39 being the per hour base pay rate for the Level 2 Support Coordinator Cost Model.

Base Rate			
Award	SCHADS 4.4	Fair Work 2021-22 Decision 01/07/22 +4.6%	\$1.86
Hourly Rate	\$40.39	Revised Hourly Rate	\$42.25

LEAVE ENTITLEMENTS - LEVEL 2: COORDINATION OF SUPPORTS

The Cost Model assumes that each Level 2: Coordination of Supports is entitled to:

- 20 days of annual leave;
- 10 days of personal leave; and
- 10 days of Public Holidays (as per the NDIA DSW Cost model rationale).

These leave entitlements and subsequent costs are accrued by the employer for each hour the employee works. The Cost Model accounts for this by adding these entitlements to the base level of pay received by the worker. The Cost Model also assumes the SCHADS weekly hours worked (38) and the number of days worked being 220.

Leave			
Cumulative cost per hour before leave <i>(revised base rate)</i>		\$42.25	
Annual Leave Hours		152	
Per cent of leave taken		100%	
Cost per worked hour		\$3.84	
Personal Leave Hours		76	
Per cent of leave taken		100%	
Cost per worked hour		\$1.92	
Public Holidays		76	
Per cent of leave taken		100%	
Cost per worked hour		\$1.92	
			Cumulative Cost
			Cumulative cost per hour after leave costs
			\$49.93
			Increase from base rate
			15%

EMPLOYEE ON-COSTS - LEVEL 2: COORDINATION OF SUPPORTS

It was found that well over a half of respondents pay allowances with vehicle (\$1,289) and miscellaneous (\$300) representing the cost to employers.

Workers Compensation premiums were found to be 2% of wages and salaries of Support Coordinators. Superannuation is added at the statutory minimum.

On Costs

Cumulative cost per hour before on costs	\$49.93
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Superannuation

Superannuation Rate	10%
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Superannuation Cost per worked hour	\$4.99
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Workers Compensation

Premium Rate	2%
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Premium Cost per worked hour	\$1.00
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Allowances

Allowance Rate	\$1589.00
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Allowance Cost per worked hour	\$0.95
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Cumulative Cost

Cumulative cost per hour after On Costs	\$56.87
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Increase from base rate	26%
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SUPERVISION - LEVEL 2: COORDINATION OF SUPPORTS

Support Coordinators require supervision, training and guidance from more senior and skilled workers which the Cost Model recognises and incorporates.

The sector indicated, via the DIA survey, that Supervisors of Level 2: Coordination of Supports workers are paid within a band that translates to the Level 7.3 SCHADS pay point.

The 'span of control' for Level 2: Coordination of Supports workers is set at a ratio of one Supervisor overseeing five and half (5.5) FTE Level 2: Coordination of Supports workers.

This assumption is lower than Level 1 but higher than Level 3 Support Coordination Cost Models. The Cost Model assumes that Supervisors accrue Leave and On Costs on the same basis as Level 2 Support Coordinator.

Supervision

Cumulative cost per hour before Supervision \$56.87

Supervision

Level (SCHADS Equiv.) 7.3

Base Pay \$55.29

Leave Costs \$10.05

On Costs \$8.61

Span of Control

Span of Control 5.5

Cost of Supervision per worked hour \$13.45

Cumulative Cost

Cumulative cost per hour after Supervision costs \$70.32

Increase from base rate 40%

UTILISATION - LEVEL 2: COORDINATION OF SUPPORTS

In addition to mandated breaks afforded under the SCHADS Award, workers undertaking Support Coordination require training and will also, in their normal course of employment, spend time on general activities that are not within the scope of the funded NDIA support.

The Cost Model recognises this and has set an assumption that a Level 2: Coordination of Supports workers would spend 75% of their time delivering a NDIA funded support.

The survey results showed that 80% of respondents indicated a Level 2: Coordination of Supports spending between 70% and 85% undertaking billable work.

The remaining time is spent on breaks, in training or other general activities including NDIS Quality and Safeguards Commission work. Utilisation for Level 2: Coordination of Supports workers is lower than Level 1 reflecting the more complicated nature of the support provided.

Utilisation			
Cumulative cost per hour before Utilisation	\$70.32		
<u>Utilisation</u>			
Breaks	6%		
Training, Professional Development & Case Consult	10%		
Other	9%		
Utilisation Total	75%		
		Cumulative Cost	
		Cumulative cost per hour after Utilisation costs	\$87.90
Cost of Utilisation per worked hour	\$17.58	Increase from base rate	52%

OVERHEADS - LEVEL 2: COORDINATION OF SUPPORTS

The Cost Model assumes that corporate overheads are equal to 20% of direct costs (those costs as set out above).

Overheads	
Cumulative cost per hour before Overheads	\$87.90
<u>Overheads</u>	
Rent	5%
Information Tech.	5%
Audit and Compliance	3%
Marketing	3%
Fleet	3%
Other	1%
Overheads Total	20%
Cost of Overheads per worked hour	\$17.58
Cumulative Cost	
Cumulative cost per hour after Overheads	\$105.48
Increase from base rate	60%

Marketing / Google Ads

In previous NDIA Annual Price Reviews (see 2019) there was commentary by the NDIA around the cost and fees being paid by Support Coordinators to advertise their business on platforms such as Google Ads.

An analysis of Google Ad 'Keywords' has shown that 'NDIS Support Coordination' is an actively searched term and online marketing is an important element for attracting participants to a provider. Advertisers pay via a 'Cost per Click' (CPC) methodology with a higher CPC representing a higher conversion rate from a click to a sale of the good on offer, in this instance the provision of Support Coordination supports.

DIA's analysis shows that the keyword search 'NDIS Support Coordination' has a CPC of \$5.25. Using applicable conversion rates for each support, 10% for Support Coordination (based on research via Google Ad Analytics and the underlying nature of the purchasing decision being made) the cost of obtaining a participant for Support Coordination is approximately 2% of the yearly revenue of a Level 2 participant with 24 hours in their plan.

The Overhead assumption in this Cost Models has incorporated such costs.

STAFF RETENTION AND TURNOVER - LEVEL 2: COORDINATION OF SUPPORTS

The respondents to the Support Coordination survey indicated that staff turnover for Levels 2 and 3 and overall staff retention were adding costs to providing Support Coordination supports.

At Level 2, Employee Assistance Programs are widespread costing \$500 per employee per annum.

Flexible work arrangements and workload adjustments equate to a further reduction in billable time equivalent to approximately one week per year per Level 2 Support Coordinator.

The survey found that the Median cost for the replacement of Support Coordinators was \$4,692 per annum.

Retention & Turnover

Cumulative cost per hour before on costs \$105.48

Retention

Retention Programs Including EAP, per annum per employee \$500.00

Flexible conditions including workload adjustments. \$1,500.00

Retention Cost per worked hour \$1.20

Turnover

Turnover/Replacement cost per annum \$4,500

Turnover Cost per worked hour \$2.69

Cumulative Cost

Cumulative cost per hour after Retention and Turnover \$109.36

MARGIN - LEVEL 2: COORDINATION OF SUPPORTS

A 5% margin has been assumed to reflect the requirement for organisations to be sustainable and to facilitate investment and innovation in providing quality Level 2: Coordination of Supports to NDIS participants.

Margin

Cumulative cost per hour before Margin \$109.36

Margin

Margin as a share of other costs 5%

Cost of Margin per worked hour \$5.47

Cumulative Cost

Cumulative cost per hour after Margin \$114.83



LEVEL 3: SPECIALIST SUPPORT COORDINATION COST MODEL

Using the results from the DIA 2021-22 Annual Price Review – Pricing and Cost Model Survey, the May 2021 NDIA Financial Benchmarking Survey and ongoing Intermediary sector engagement, DIA has derived a Cost Model for the delivery of *Level 3: Specialist Coordination* within the NDIS.

BASE PAY - LEVEL 3: SPECIALIST SUPPORT COORDINATION

From the data collected, and from desktop research undertaken, the most representative base pay band for Level 3: Specialist Coordination is between \$65 to \$74 with 93% of respondents falling within this range.

The Cost Model is set at the lower bound of this range (\$65.00) for a Level 3: Specialist Coordination.

Base Rate			
Award	SCHADS Above 8.3	Fair Work 2021-22 Decision 01/07/22 +4.6%	\$2.99
Hourly Rate	\$65.00	Revised Hourly Rate	\$67.99

LEAVE ENTITLEMENTS - LEVEL 3: SPECIALIST SUPPORT COORDINATION

The Cost Model assumes that each Level 3: Specialist Coordination worker is entitled to:

- 20 days of annual leave;
- 10 days of personal leave; and
- 10 days of Public Holidays (as per the NDIA DSW Cost model rationale).

These leave entitlements and subsequent costs are accrued by the employer for each hour the employee works. The Cost Model accounts for this by adding these entitlements to the base level of pay received by the worker.

The Cost Model also assumes the SCHADS weekly hours worked (38) and the number of days worked being 220.

Leave			
Cumulative cost per hour before leave <i>(revised base rate)</i>		\$67.99	
Annual Leave Hours		152	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$6.18	
Personal Leave Hours		76	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$3.09	
Public Holidays		76	
Per cent of leave taken		100%	
Cost per worked hour per worked hour		\$3.09	
		Cumulative Cost	
		Cumulative cost per hour after leave costs	\$80.35
		Increase from base rate	15%

EMPLOYEE ON-COSTS - LEVEL 3: SPECIALIST SUPPORT COORDINATION

It was found that well over a half of respondents pay allowances with vehicle (\$1,289) and miscellaneous (\$300) representing the cost to employers.

Workers Compensation premiums were found to be 2% of wages and salaries of Support Coordinators. Superannuation is added at the statutory minimum.

On Costs

Cumulative cost per hour before on costs \$80.35

Superannuation

Superannuation Rate 10%

Superannuation Cost per worked hour \$8.04

Workers Compensation

Premium Rate 2%

Premium Cost per worked hour \$1.61

Allowances

Allowance Rate \$1589.00

Allowance Cost per worked hour \$0.95

Cumulative Cost

Cumulative cost per hour after On Costs \$90.94

Increase from base rate 25%

SUPERVISION - LEVEL 3: SPECIALIST SUPPORT COORDINATION

Support Coordinators require supervision, training and guidance from more senior and skilled workers which the Cost Model recognises and incorporates.

The sector indicated, via the DIA survey, that Supervisors of Level 3: Specialist Coordination workers are typically professionally qualified with extensive experience (often clinical backgrounds).

The 'span of control' for Level 3: Specialist Coordination workers is set at a ratio of one Supervisor overseeing three FTE Level 3: Specialist Coordination workers.

This assumption is lower than Level 2 reflecting the more complex nature of the support being provided.

The Cost Model assumes that Supervisors accrue Leave and On Costs on the same basis as Level 3: Specialist Coordination workers.

Supervision

Cumulative cost per hour before Supervision \$90.94

Supervision

Level (SCHADS Equiv.) Above 8.3

Base Pay \$78.45

Leave Costs \$14.26

On Costs \$11.90

Span of Control

Span of Control 3

Cost of Supervision per worked hour \$34.87

Cumulative Cost

Cumulative cost per hour after Supervision costs \$125.81

Increase from base rate 46%

UTILISATION - LEVEL 3: SPECIALIST SUPPORT COORDINATION

In addition to mandated breaks, workers undertaking Support Coordination require training and will also, in their normal course of employment, spend time on general activities that are not within the scope of the funded NDIA support.

The Cost Model recognises this and has set an assumption that a Level 3: Specialist Coordination worker would spend 71% of their time delivering a NDIA funded support.

The survey results showed that 50% of respondents indicated that Level 3: Specialist Coordination workers spend between 70% and 75% undertaking billable work.

The remaining time is spent on breaks, in training or other general activities including NDIS Quality and Safeguards Commission work. Utilisation for Level 3: Specialist Coordination is lower than Level 1 and Level 2 reflecting the more complicated nature of the support provided and the required non-billable activities at this level.

Utilisation			
Cumulative cost per hour before Utilisation	\$125.81		
<u>Utilisation</u>			
Breaks	7%		
Training, Professional Development & Case Consult	12%		
Other	10%		
Utilisation Total	71%		
Cost of Utilisation per worked hour	\$36.49		
		Cumulative Cost	
		Cumulative cost per hour after Utilisation costs	\$162.30
		Increase from base rate	58%

OVERHEADS - LEVEL 3: SPECIALIST SUPPORT COORDINATION

The Cost Model assumes that corporate overheads are equal to 20% of direct costs (those costs as set out above).

Overheads	
Cumulative cost per hour before Overheads	\$162.30
<u>Overheads</u>	
Rent	5%
Information Tech.	5%
Audit and Compliance	3%
Marketing	3%
Fleet	3%
Other	1%
Overheads Total	20%
Cost of Overheads per worked hour	\$32.46
Cumulative Cost	
Cumulative cost per hour after Overheads	\$194.76
Increase from base rate	65%

Marketing / Google Ads

In previous NDIA Annual Price Reviews (see 2019) there was commentary by the NDIA around the cost and fees being paid by Support Coordinators to advertise their business on platforms such as Google Ads.

An analysis of Google Ad 'Keywords' has shown that 'NDIS Support Coordination' is an actively searched term and online marketing is an important element for attracting participants to a provider. Advertisers pay via a 'Cost per Click' (CPC) methodology with a higher CPC representing a higher conversion rate from a click to a sale of the good on offer, in this instance the provision of Support Coordination supports.

DIA's analysis shows that the keyword search 'NDIS Support Coordination' has a CPC of \$5.25. Using applicable conversion rates for each support, 10% for Support Coordination (based on research via Google Ad Analytics and the underlying nature of the purchasing decision being made) the cost of obtaining a participant for Support Coordination is approximately 2% of the yearly revenue of a Level 2 participant with 24 hours in their plan.

The Overhead assumption in this Cost Models has incorporated such costs.

STAFF RETENTION AND TURNOVER - LEVEL 3: SPECIALIST SUPPORT COORDINATION

The respondents to the Support Coordination survey indicated that staff turnover for Levels 2 and 3 and overall staff retention were adding costs to providing Support Coordination supports.

At Level 3: Specialist Coordination, Employee Assistance Programs are widespread costing \$500 per employee per annum.

Flexible work arrangements and workload adjustments equate to a further reduction in billable time equivalent to approximately one week per year per Level 3: Specialist Coordination workers.

The survey found that the Median cost for the replacement of Support Coordinators was \$4,692 per annum.

Retention & Turnover

Cumulative cost per hour before on costs \$194.76

Retention

Retention Programs Including EAP, per annum per employee \$500.00

Flexible conditions including workload adjustments. \$1,500.00

Retention Cost per worked hour \$1.20

Turnover

Turnover/Replacement cost per annum \$4,500

Turnover Cost per worked hour \$2.69

Cumulative Cost

Cumulative cost per hour after Retention and Turnover \$198.65

MARGIN - LEVEL 3: SPECIALIST SUPPORT COORDINATION

A 5% margin has been assumed to reflect the requirement for organisations to be sustainable and to facilitate investment and innovation in providing quality Level 3: Specialist Support Coordination to NDIS participants.

Margin

Cumulative cost per hour before Margin \$198.65

Margin

Margin as a share of other costs 5%

Cost of Margin per worked hour \$9.93

Cumulative Cost

Cumulative cost per hour after Margin \$208.58

SUPPORT COORDINATION – PRICES

The Cost Models bring together the cost of the delivery of an hour of Support Coordination for each of Level 1, Level 2 and Level 3 to form transparent prices for the delivery of Support Coordination in the NDIS.

Support Coordination

Item Number		National	Remote	Very Remote
07_001_0106_8_3	Support Coordination Level 1: Support Connection	\$71.39	\$99.95	\$107.09
07_002_0106_8_3	Support Coordination Level 2: Coordination of Supports	\$114.83	\$160.77	\$172.25
07_004_0132_8_3	Support Coordination Level: Specialist Support Coordination	\$208.58	\$292.01	\$312.87

VALUE FOR MONEY – SUPPORT COORDINATION

Support Coordination is a capacity building support and wherever possible, Support Coordinators build and maintain people's skills to understand and implement their plans.

The intensity of services being delivered increases from Level 1 to Level 3. As such the higher the level of service the greater skills and experience a practitioner delivering Support Coordination will require to meet the participant support needs.

Support Coordination is described as assistance to strengthen participant's ability to connect with informal, mainstream and funded supports. Support Coordination providers look at how their practice is geared towards reducing people's reliance on paid supports and exploring ways of making progress towards goals that may not involve paid support.



CAPACITY BUILDING AND TRAINING IN PLAN AND FINANCIAL MANAGEMENT

Capacity Building and Training in Plan and Financial Management

This reasonable and necessary support, which focuses on strengthening the participant's ability to undertake tasks associated with the management of their supports. This support can be delivered by either a Support Coordinator or a Plan Manager based on the preference of the participant.

This includes:

- Building financial skills;
- Building organisational skills;
- Enhancing the participant's ability to direct their supports; and
- Developing Self-Management capabilities.
- Building financial skills;
- Building organisational skills;
- Enhancing the participant's ability to direct their supports; and
- Developing Self-Management capabilities.

Plan Managers and Support Coordinators delivering this support are expected to assist the participant to develop their financial and management to increase the participants ability to self-direct their supports, this may lead to self- management in future plans, where this is possible, but is not a requirement for access to this support.

Given this support is the same despite delivery by either a Support Coordinator or a Plan Manager the price for this support must continue to have parity and at the very least be linked to the price set for the minimum level of Support Coordination.

CAPACITY BUILDING AND TRAINING IN PLAN AND FINANCIAL MANAGEMENT- PRICES

The Cost Model for the delivery of an hour of Support Coordination Level 1 forms a transparent price which is to be used to set the prices for the Capacity Building supports in Plan and Financial Management.

Capacity Building and Training in Plan and Financial Management

Item Number		National	Remote	Very Remote
14_031_0127_8_3	Capacity Building and Training in Plan and Financial Management by a Plan Manager	\$71.39	\$99.95	\$107.09
07_003_0117_8_3	Capacity Building and Training in Plan and Financial Management by a Support Coordinator	\$71.39	\$99.95	\$107.09



OUT OF SCOPE

DIA has not removed any out-of-scope items contained within the previous submission. As such this update has not made any changes to the cost model based on the areas previously considered out of scope.



UPDATED RECOMMENDATION

DIA recommends that the NDIA accept and implement the Cost Models contained within this submission and at a minimum set the below price limits:

Plan Management

Item Number		National	Remote	Very Remote
14_034_0127_8_3	Plan Management – Monthly Fee			
	A monthly fee for the ongoing delivery of financial management arrangements.	\$115.85	\$162.19	\$173.78
	<i>Set-Up Fee – amortised over 12 months</i>	\$26.09	\$36.53	\$39.14
	Total Monthly Plan Management Fee	\$141.94	\$198.72	\$212.92

The amortising of the ‘Set-Up Fee’, must not be viewed as mutually exclusive. In that if the NDIA seeks to not amortise the ‘Set-Up Fee’ then DIA would recommend all other elements of this cost model be accepted.

Support Coordination

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STATEMENTS OF SUPPORT

This submission has been reviewed and contributed to by the DIA membership and is made on behalf of providers who deliver Plan Management and Support Coordination services to more than 1 in 3 NDIS Participants.

Further organisations have provided Statements of Support in support of DIA's annual price review submission, including:





Disability
Intermediaries
Australia