



The NDIS Market – Appendices

31 December 2019

National Disability Insurance Agency

ndis

Appendix A

Indicator definitions

Plan utilisation – the ratio between the total payments over the exposure period and the total plan budgets over the same period.

Provider concentration – the ratio between the payments to the top 10 providers over the exposure period and the total payments to all providers over the exposure period.

Outcomes: Do you choose who supports you – the proportion of participants who said “Yes” in their latest outcomes framework survey in response to the question: “Do you choose who supports you?”

Outcomes: Has the NDIS helped with choice and control – the proportion of participants who said “Yes” in their latest outcomes framework survey in response to the question: “Has the NDIS helped you have more choices and more control over your life?”

Participants per provider – the ratio between the number of active participants with an approved plan and the number of registered active providers.

Appendix A

Indicator definitions continued

Provider growth – the number of providers that have received payments over the exposure period that are **100% higher** than the amount of payments received over the 6 month exposure period immediately prior to the current exposure period, divided by the total number of providers.

Provider shrinkage – the number of providers that have received payments over the exposure period that are **25% lower** than the amount of payments received over the 6 month exposure period immediately prior to the current exposure period, divided by the total number of providers.

Notes for provider growth and shrinkage:

- Only providers that received more than \$10k in payments over both exposure periods have been considered in both the numerator and denominator of these calculations.
- The **thresholds** were selected after reviewing the distribution of payment growth rate by provider over the six months to 31 January 2019, compared to the six months immediately prior.
- This review showed that there was a large volume of providers with very high growth or shrinkage rates, i.e. in the extreme tails of the distribution. This was mainly driven by small dollar changes in payments for small providers, leading to very high growth or shrinkage rates shown for these small providers. As a result, the analysis was then restricted to providers that had received \$10k in payments (for both exposure periods).
- After applying the \$10k in payments restriction, the distribution was skewed towards growth, with about 70% of all providers showing some growth over the period. This resulted in different thresholds being selected for the provider growth and provider shrinkage indicators.

Appendix A

Indicator definitions continued

Other notes:

- All indicators have been calculated over the 6 month period ending 3 months before the data date.
- Indicators have been calculated at different geographic levels – nationwide; State and Territory; and bilateral region and at different support category levels – all support categories; by support type (core / capacity building / capital); and by support category (daily activities, community, transport etc.).
- As providers can provide services in multiple areas, the sum of providers at the ‘State and Territories’ level across all the States and Territories is greater than the actual number of providers when considered at the National level. A similar effect occurs when comparing the sum of providers across the regions in a State / Territory and looking at the State / Territory level.
- Monetary amounts are measured in Australian dollars (\$ millions).

Appendix B

Benchmarks

In order to fairly measure and compare the performance of each market, an appropriate benchmark for each indicator has been developed. For some indicators, this has allowed us to control for factors known to affect the indicator being assessed, thus preventing markets that are weighted towards these factors from being the only markets identified as possible hot spots.

For example, the benchmark for plan utilisation allows for the number of plans that each participant (within the market being assessed) has received since joining the Scheme.

Prior analysis conducted by the Office of Scheme Actuary suggests that the average plan utilisation of each participant tends to increase as they spend more time in the Scheme and learn how to make the most of the supports that are available to them.

Therefore, it is reasonable to set a higher benchmark for markets with a higher proportion of participants who have been in the Scheme for a longer period of time, compared to a market that consists only of participants who are new to the Scheme.

The benchmarks for each of the key indicators are discussed in the following slides.

Appendix B

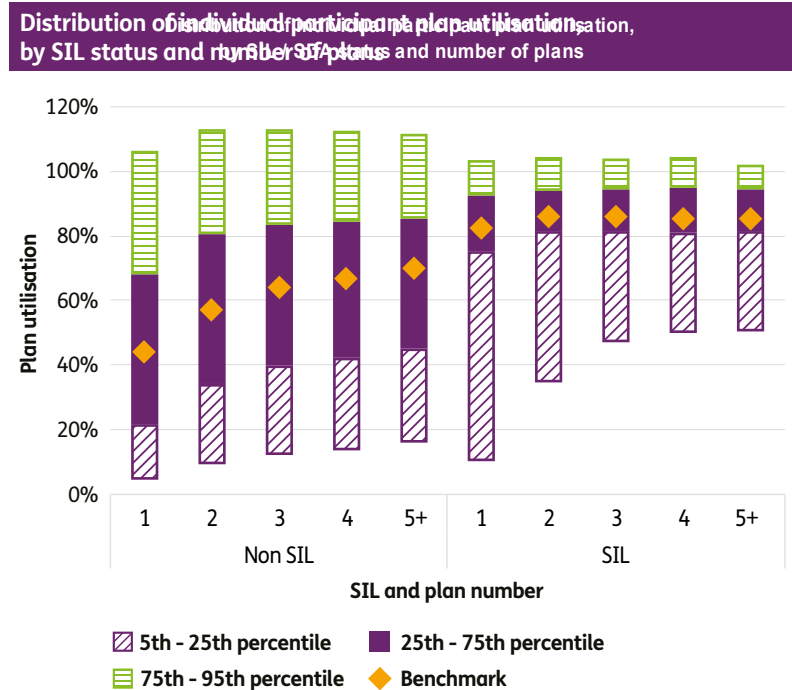
Benchmarks: Plan utilisation

This chart shows the distribution of plan utilisation¹ within each combination of:

- participants with SIL supports in their plan
- participants who have received 1, 2, 3, 4, or 5 or more plans since entering the Scheme

A benchmark has been set for each participant based on the mean of the distribution of the category² that each participant belongs to. It is worth noting the following:

- Non SIL participants who have been in the Scheme for a longer period of time generally have higher utilisation rates
- SIL participants generally have a higher plan utilisation compared to other participants



¹ Calculated over calculated over 6 month exposure period ending 3 months before the data date, using data available as at the data date.

² We have also tested the relationship between age and plan utilisation and found that utilisation tends to decrease for older participants. However, we have not allowed for age in the benchmark to be able to identify utilisation trends across age groups, and allowing for age within the benchmark may conceal these trends. We have also confirmed that allowing for age within the benchmark does not materially affect the benchmark at the bilateral region level.

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Benchmark: Provider concentration

For provider concentration at the bilateral region level, a fixed benchmark of 85% has been set.

For markets more granular than a bilateral region, e.g. a bilateral region and support category combination, the **unweighted regional average** has been adopted across the Scheme for the support category being assessed.

A similar approach has been adopted **within each segment by participant characteristic** (age group, disability type, level of function, remoteness rating, Indigenous status and CALD status). However, given the more granular nature of a segment for a particular participant characteristic, both the provider concentration metric and the benchmark has been defined using payments to the top 5 providers, instead of the top 10, which is what was adopted at the bilateral region and support category level.

It is worth noting that benchmarks do not explicitly allow for differences in participant characteristics as it is unlikely that the mix of participants in an area would impact provider concentration.

The approach outlined on this slide has also been used for the other provider metrics: participants per provider, provider growth and provider shrinkage.

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Benchmarks: outcomes indicator on choice and control

The benchmark for the outcomes indicator on choice and control has been set for each participant based on whether the participant has SIL supports in their plan.

A review of the average outcomes indicator on choice and control showed that participants with SIL supports in their plan generally have a lower indicator compared to participants without SIL supports.

The proportion of participants with SIL supports in their plan has therefore been used as the only factor² for determining an appropriate benchmark for a particular market.

As at June 2019	Non SIL	SIL
Number of participants who reported that they choose who supports them in their most recent outcomes framework survey ¹	67k	2k
Number of participants who have a valid response to the question in their most recent outcomes framework survey ¹	126k	17k
Outcomes indicator on choice and control	54%	13%

¹ Calculated using surveys submitted on or prior 3 months before the data date, using data available as at the data date.

² We have also tested the relationship between the outcomes indicator on choice and control and other key participant characteristics such as the number of plans a participant has received, and age. However, we have opted not to include either of these characteristics in the benchmark.

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