



Value for money

Policy Position Statement by the Summer Foundation

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Key messages

- The National Disability Insurance Agency (NDIA) can point to *value for money* as a reason for not approving funding for any National Disability Insurance Scheme (NDIS) supports, however it appears to be more frequently used in housing and support decisions.
- Participants, their supporters and the sector report that *value for money* is not clearly understood, applied inconsistently and lacks transparency on how it is applied to individual plans.
- The NDIA's decision-making seems to be based on a short sighted view of value for money, often only looking at a participant's current plan funding, despite the legislation requiring it considers a participant's lifetime costs.
- The sustainability of the NDIS is best understood by considering not only the costs but also the significant benefits to participants, the workforce, the economy, and the broader Australian community.

"How do I explain to family and friends that the amount of time I have here on earth is to be decided by the NDIA's notion of value for money? How do I look to my nieces, nephews, siblings and parents that because I am too much of a burden to the NDIS that my longevity of life will be significantly shorter and that there will continue to be a decline in my quality of life because my care and equipment are just too expensive?"

Christie - NDIS participant

Background

Value for money is used by the NDIA as a decision-making tool. It is defined in the *National Disability Insurance Scheme Act 2013* (the Act), Section 34 Reasonable and Necessary.¹ The Act states that for a support to be deemed reasonable and necessary and be funded, it must meet 6 criteria including that it “represents value for money”. A support must meet all reasonable and necessary criteria in order to be funded.

Value for money is described in more detail in the *National Disability Insurance Scheme (Specialist Disability Accommodation) Rules 2020*² and in the *National Disability Insurance Scheme (Supports for Participants) Rules 2013*, section 3.1³, as below:

“In deciding whether the support represents value for money in that the costs of the support are reasonable, relative to both the benefits achieved and the cost of alternative support, the CEO is to consider the following matters:

- a) whether there are comparable supports which would achieve the same outcome at a substantially lower cost;*
- b) whether there is evidence that the support will substantially improve the life stage outcomes for, and be of long term benefit to, the participant;*
- c) whether funding or provision of the support is likely to reduce the cost of the funding of supports for the participant in the long term;*
- d) For equipment and modifications: the comparative cost of purchasing or leasing the equipment or modifications.”*

The legislation states that the NDIA must consider both the benefit to the participant, along with the cost. This means that any assessment of *value for money* must look holistically at the needs of the participant, including goals, choice, and the benefit that will be achieved through the specific support or availability of funding and, critically, the long-term (or lifetime) cost. Benefits, like cost, should be considered in both immediate, short and long-term to determine true value for the participant. Likewise any future costs that may be minimised or become unnecessary as a result of the funding or support is an important consideration.

¹ *National Disability Insurance Scheme Act 2013* (Cth), [link](#)

² *National Disability Insurance Scheme (Supported Disability Accommodation) Rules 2020* (Cth), [link](#)

³ *National Disability Insurance Scheme (Support for Participants) Rules 2013* (Cth), [link](#)

Application of value for money

The NDIA can point to *value for money* as a reason for not approving funding for any supports, however it appears to be more frequently used in housing and support decisions. There is a trend in the funding of Specialist Disability Accommodation (SDA), in which a participant is found to be ineligible for funding of a sole occupant SDA dwelling in favour of funding for shared SDA with 2 or more residents. This is based on the view that funding a 2 or 3 occupant SDA represents *value for money* and a single occupancy SDA does not. This is despite data showing that the median annualised cost of supports for a single resident apartment is up to \$51,000 cheaper than some alternatives with 2 or 3 residents.⁴ In addition, research has shown that well designed SDA that increases independence presents an opportunity to reduce support costs over time, supporting the NDIS to remain sustainable.⁵

The Administrative Appeals Tribunal (AAT) recently determined that a 2 occupancy dwelling would not achieve the same outcome at a substantially lower cost for a participant for several reasons, including the participant's preference to live alone, their concerns regarding their capacity to remain safe if living with others, if living alone is appropriate for the participant's current life stage and if living alone will increase the participant's independence and reduce the participant's need for other kinds of supports.⁶ This decision shows that the cost of a support cannot be viewed in isolation and under the Act, the NDIA is also required to consider other factors including a participant's needs and preferences in allocating funding. An inappropriate housing and support decision can have significant impacts on a participant's wellbeing, safety and choice and control over their life.

Case study

After experiencing homelessness, and following a lengthy application process, in mid-2021 Samar moved into a single occupancy SDA apartment in Melbourne. Samar felt safe living in her home and was able to find good support. Despite there being no changes to her needs or preferences, after a year of living in her home, during a routine plan review the NDIA determined that her funding for single occupancy SDA was no longer *value for money* and she must move into 3 resident housing. A letter from the NDIA stated that the funding that would allow her to keep living in her own home was not considered *value for money*. The letter stated that “information and evidence within your s100 review request notes you currently require intensive person-to-person supports for your disability related support needs for significant periods of the day” and “these supports would be best met in a cost effective shared living arrangement.” Samar did not understand how her home could be *value for money* one year, and the next year too costly. Samar said that to move into a group home would be detrimental to her mental health, safety, and wellbeing. She sought an internal review of the decision, which was denied. Samar eventually shared her story with the media, after which the NDIA reversed its decision.

⁴ Senate Community Affairs Legislation Committee, February 2022, NDIA SQ22-000021, 2021-22 Additional Estimates, Answer to Question on Notice, Social Services Portfolio

⁵ Douglas, J. Winkler, D. Oliver, S. Liddicoat, S. and D'Cruz, K. (2022) 'Moving into new housing designed for people with disability: preliminary evaluation of outcomes', April 27, [link](#)

⁶ LWVR and National Disability Insurance Agency, (2021) AATA 4822. 24 November, [link](#)

Alternatively, some participants who meet the SDA eligibility criteria as defined in NDIS legislation are being provided with only funding for Supported Independent Living (SIL). This forces participants to live in what is commonly known as a SIL home. It is assumed that funding for SIL only represents better *value for money* than SDA and supports, however this arrangement offers lesser protections, choice and rights to the participant as in a SIL home, as one provider supplies both housing and supports.⁷

Issues with the application of *value for money*:

1. *Value for money* is not clearly defined in the way it is applied to individual participant plans.

Participants report that they do not have a good understanding of the NDIA's definition of value for money and how it is applied to their plans. There is uncertainty about how *value for money* is assessed, particularly when weighted against the long and short-term benefits gained from the supports.

"No-one talked to me about my plan being cut, they still haven't, they never have. They haven't seen me, how do they know what I do and don't like"

Sally* - NDIS participant

Outside of the *NDIS Act 2013* and *Support for Participants Rules*, the NDIA provides little guidance on what *value for money* means in the context of NDIS decision-making. Though ensuring costs are fair and appropriate is an important consideration in managing the NDIS, it appears *value for money* is superseding other reasonable and necessary considerations in decision-making.

To improve consistency and transparency, the NDIA should release guidelines to explain how it assesses all reasonable and necessary criteria to make decisions on participant plans. This should include how a support is deemed *value for money*, and how costs and benefits are weighted. It will ensure the NDIA can better meet its Participant Service Improvement Plan by having better guidelines and procedures available to participants.⁸ These guidelines should be participant led or co-designed with people with disability. To ensure NDIS decision-making is fair and consistent, the NDIA should train staff on these guidelines and on legislative requirements of funding decisions more broadly.

"There needs to be clear guidelines given to people otherwise it could come down to NDIA interpretation of what's value for money in their eyes only."

Lindsay* - NDIS participant

Recommendation 1: The NDIA releases guidance explaining how value for money is considered in funding decisions and train NDIA staff to ensure consistent application.

⁷ Summer Foundation (2021) 'Closed Setting Supported Independent Living Homes Policy Position Statement', October, [link](#)

⁸ *National Disability Insurance Amendment (Participant Service Guarantee and Other Measures) Act 2022* (Cth), [link](#)

2. The application of *value for money* in the NDIA's decision-making is inconsistent and lacks transparency.

Participants, their supporters and professionals in the sector report concerns with the consistency and transparency of NDIA's use of *value for money* as a decision-making tool.

When a participant is informed their plan has been reduced due to *value for money*, commonly they are provided little to no information to explain why the costs were determined to outweigh the benefits. This is despite the NDIS's Participant Service Charter committing the NDIA to transparency, which is described as "making it easy to access and understand our information and decisions."⁹ This lack of transparency extends to other planning decisions made by the NDIA, in particular funding for Home and Living supports.

Participants are frustrated by the inconsistent way *value for money* is applied, in particular when the NDIA denies requests on cost grounds yet appears to spend money unnecessarily in other areas. These costs can come from bureaucratic inefficiency and errors, as well as delay. This is one issue that has contributed to participants reporting a lack of trust and confidence in the NDIA.¹⁰

"I've been waiting over a year to get the correct SDA into my plan. While I've been waiting for this approval to come through there's been an apartment waiting for me and I've spent more than \$80,000 in the accommodation where I'm staying now. It's absolutely a huge waste of money. I can't buy stuff until I have my own place, so I have to hire, which is astronomical prices, and nothing suitable for myself, everything is going backwards"

Alex* - NDIS participant

It is essential that the NDIA explain their decisions in a format that is preferred and understood by the participant and meets the Participant Service Guarantee requirement to explain a decision in 28 days.¹¹ Ensuring the NDIA communicates well with participants during all planning phases and ahead of making any changes will increase transparency and trust between the NDIA and participants. It will enable participants to understand how decisions are made and what information and evidence will best support their application.

Where the NDIA declines a support because there is an alternative option available for a lower cost, the NDIA must discuss the alternative option with the participant and automatically fund that support in the participant's plan. The NDIA must be able to demonstrate the long-term value, benefit and outcome of the alternative support.

Recommendation 2: If the NDIA determines it is appropriate to reduce a participant's plan due to *value for money*, it must explain the reasoning in a way the participant can understand and fund the equivalent support, if one is identified.

⁹ National Disability Insurance Agency, (2022) 'Participant Service Charter', [link](#)

¹⁰ D'Cruz K. and Brown, M. (2022) 'What the NDIS needs to do to rebuild trust, in the words of the people who use it', July 26, *The Conversation*, [link](#)

¹¹ National Disability Insurance Agency, (2022) 'Participant Service Charter', [link](#)

3. *Value for money* appears to be a short-term consideration (a participant's current plan) rather than a longer term assessment (the participant's lifetime costs).

The NDIA's decision-making seems to be based on a short sighted view of *value for money*, often only looking at a participant's current plan funding, despite the legislation requiring it considers a participant's lifetime costs. The *Support for Participant Rules* state that in deciding if the support represents *value for money*, the NDIA should consider "whether funding or provision of the support is likely to reduce the cost of the funding of supports for the participant in the long term."¹² This is in line with the NDIS being built as a long-term insurance model that aims to support a person throughout their lifetime.

It is unclear how consideration is given to the benefits of supports, including the potential of some supports to build a participant's capacity over the long term. Supports can foster independent decision-making and improve outcomes for the participant, as well as better align to a participant's needs and preferences.¹³ It appears these longer term benefits are not considered for supports that have larger upfront costs, such as housing.

To adequately determine a participant's lifetime costs, the NDIA must consider a participant's support needs as a whole, rather than as separate items. The Summer Foundation's research has shown accessible housing can reduce support costs over time through sharing of supports, for example through the on-site shared support (OSS) model in which participants living in neighbouring homes share supports for unplanned or ad hoc support needs.¹⁴ Research has found that if SDA dwellings are well designed to reduce the cost of delivering support, it could reduce net Scheme costs in the long term.¹⁵

To adequately assess the *value for money* of a participant's housing and supports, the NDIA should review how their support needs are being met in all areas, including planned and ad hoc supports.

"We copped a 'not value for money' to purchase my manual wheelchair and my power wheelchair even though we know you can't take a power wheelchair in every circumstance. So you need both pieces of equipment but often they are turning down purchasing 2 pieces of equipment and saying that's 'not value for money' you can either have your power wheelchair or you can have your manual wheelchair you can't have both. We had to fight tooth and nail to get my manual wheelchair."

Christie - NDIS participant

¹² *National Disability Insurance Scheme (Support for Participants) Rules 2013* (Cth), [link](#)

¹³ Public Interest Advocacy Centre and Housing Hub, (2022), 'Housing Delayed and Denied: NDIA Decision-Making on Specialist Disability Accommodation Funding', [link](#)

¹⁴ Douglas, J. Winkler, D. Oliver, S. Liddicoat, S. and D'Cruz, K. (2022), Moving into new housing designed for people with disability: preliminary evaluation of outcomes, April 27, [link](#)

¹⁵ Winkler, D., & Rathbone, A. (2022). Budgetary impact of timely specialist disability accommodation payment approvals: Discussion paper. Summer Foundation, [link](#)

In addition, to allow for a potential reduction in support costs over time, the NDIA should sufficiently fund capacity building supports for participants to build independence, skills and confidence. The way the NDIS currently operates, providers are paid only for the number of hours of support they deliver to participants. This structure has a lack of incentive to build capacity and independence in participants, as this can result in the participant requiring less paid support over time. There are many models that can appropriately fund providers for improvements in participant capacity or skills. *Value for money* can be applied to assess what capacity building supports will deliver long-term benefits to participants. This should also inform how allied health professionals develop their evidence for the NDIA - to highlight the functional capacity needs, benefits and capacity building opportunities of the requested supports.

Recommendation 3: In line with NDIS legislation, the NDIA must measure and consider long-term costs and benefits as part of the decision-making process.

Recommendation 4: The NDIA must invest in capacity building measures that will reduce costs and incentivise the market to build independence of participants.

4. The sustainability of the NDIS cannot be determined by only considering the costs; the benefits of the NDIS to participants, the economy and the broader community must also be considered.

Between 2020 and 2021, average plan budgets per participant fell by 4%.¹⁶ Though small fluctuations in plan values are anticipated, this trend points to the NDIA attempting to slow budget growth of the NDIS by reducing individual plans. The reason given for many plan cuts is that the support is not *value for money*.

Decreasing individual plan funding does not address sustainability concerns in a strategic or evidence-based way, or consider the significant benefits of the NDIS. The sustainability of the NDIS is best assessed by considering the costs and benefits of the NDIS to participants, the economy and the broader community. However, discussions on the sustainability of the NDIS often only consider the financial costs of the NDIS, which is an incomplete and inaccurate way to analyse the value of the NDIS. The application of *value for money* on NDIS decisions appears to be operating in much the same way. *Value for money* looks only at the financial cost of the support, while ignoring the benefits of that support in meeting participant needs and preferences.

¹⁶ National Disability Insurance Agency, (2021) 'NDIS Quarterly Report', Q2 2021-2022, 31 December, [link](#)

a. Benefits to individuals

The NDIA states that reasonable and necessary NDIS supports should help participants to pursue their goals, increase their independence, increase community and workplace participation and develop their capacity to actively take part in the community.¹⁷ For participants, the NDIS can be a life changing system that supports their needs and allows them to exercise choice and control over their life.

If used on its own, *value for money* is an ineffective and inappropriate tool on which to make decisions about an individual's level of support. It views plan funding through the lens of cost rather than as a tool for a participant to pursue their goals. Denying a support based on *value for money* significantly impacts a participant's wellbeing and ability to exercise choice and control over their life.

It is essential that the NDIA and Federal Government collaborate with the sector to ensure the NDIS is better able to consider and measure benefits to participants, in line with NDIS legislation.

“(when you receive an NDIS decision that says ‘not value for money’) You feel like you are just a burden to government, it makes it feel like you have no worth, nothing but a drain on society”

Christie - NDIS participant

b. Benefits of the NDIS

The total cost of the NDIS is an important, but an incomplete way to look at the value of the NDIS. The NDIS is an economic multiplier and benefits both the economy and the wider Australian community. The economic benefit of the NDIS was calculated to be \$2.25 for every \$1 invested.¹⁸ The NDIS benefits the Federal Government, tax payers and the wider community by having the security of a coordinated and individualised system of support as a social safety net available to all. Cuts to individual plans will impact not only participants but also the growth of the many sectors and large workforce indirectly funded by the NDIS.

“There is now an excessive focus on the short-term costs of the NDIS and short-term cost cutting and many of those cuts are being applied to the people with the biggest plans who are also the most vulnerable participants in the Scheme. And my fear is that many of these cuts are counterproductive because it will lead to higher costs down the track. So, we need to get back to the original concept of an insurance scheme that invests in people with disability and minimises their lifetime costs, not the costs in a particular year”

Bruce Bonyhady - Architect of the NDIS¹⁹.

¹⁷ National Disability Insurance Agency, (2022) ‘Reasonable and necessary supports’, [link](#)

¹⁸ Per Capita, (2021) ‘False Economy: the economic benefits of the National Disability Insurance Scheme and the consequences of government cost-cutting’, November, [link](#)

¹⁹ Reasonable and Necessary podcast, (2022) ‘Election 2022 and the NDIS: Disability Advocates Have Our Say’, 16 May, [link](#)

There has only been one study that measures the economic benefits of the NDIS,²⁰ which is insufficient to fully understand the costs and benefits of the Scheme. An assessment of NDIS sustainability should be conducted regularly to ensure it provides an accurate reflection of the economic and social impacts and benefits over time. In 2017, the Productivity Commission released a study into NDIS Costs.²¹ This study should be conducted again to assess the NDIS 5 years on.

Recommendation 5: The Productivity Commission should complete a further study into NDIS costs and incorporate an analysis of the social and economic benefits of the NDIS. This study must be evidence-based and informed by research co-designed with people with disability.

Conclusion

Value for money could be an essential and productive measure of reasonable and necessary NDIS supports if applied as required by the legislation. Participants should have access to the funding they need to live well in the community and to live an ordinary life. In order to restore trust between the NDIA and participants, a *value for money* assessment must look at lifetime costs, benefits, needs and outcomes, not just the short-term costs of the support. This assessment must also be transparent and well understood by participants and their supports.

Participants report feeling frustrated when the NDIA denies requests on cost grounds yet appears to spend money unnecessarily in other ways.²² In order to restore trust between the NDIA and participants there must be consistency in decision making on *value for money*.

Value for money and sustainability discussions commonly centre around cost, however this is both inaccurate and incomplete. Both must consider the costs and the benefits equally, and avoid arbitrarily determining some supports too costly. There has been a significant lack of assessment of the benefits to participants, the workforce, the economy, and the broader Australian community, which must be addressed.

²⁰ Per Capita, (2021) 'False Economy: the economic benefits of the National Disability Insurance Scheme and the consequences of government cost-cutting', November [link](#)

²¹ Productivity Commission, (2017) 'Study Report: National Disability Insurance Scheme Costs', October, [link](#)

²² D'Cruz K. and Brown, M. (2022) 'What the NDIS needs to do to rebuild trust, in the words of the people who use it', July 26, *The Conversation*, [link](#)