

**Australian Government
The Treasury**

2020-21 pre-budget submission

Occupational Therapy Australia submission

December 2019

Introduction

Occupational Therapy Australia (OTA) welcomes the opportunity to make a pre-budget submission to the federal government ahead of the release of the 2020-21 budget on Tuesday, 12 May 2020.

OTA is the professional association and peak representative body for occupational therapists in Australia. As of September 2019, there were approximately 22,000 registered occupational therapists working across the government, non-government, private and community sectors in Australia. Occupational therapists are allied health professionals whose role is to enable their clients to participate in meaningful and productive activities.

Occupational therapists provide services such as physical and mental health therapy, vocational rehabilitation, chronic disease management, assessments for assistive technology and home modifications, and key disability supports and services.

National Disability Insurance Scheme (NDIS)

Recent reforms to therapy pricing arrangements

OTA welcomed the announcement, on 1 July 2019, that the hourly rate paid by the National Disability Insurance Agency (NDIA) to service providers would rise from \$179 to \$193.99 per hour. This was heartening news for those service providers who have experienced so much frustration during the early years of the NDIS. OTA also welcomed the decision not to proceed with a recommendation by McKinsey & Company that the hourly rate vary according to the highly problematic measure of a client's "complexity".

However, OTA was concerned that our repeated call for a flat rate to be applied to all therapy providers, irrespective of profession or location, was again disregarded. On 1 July we learned that psychologists will continue to be paid a higher fee than other allied health professionals (and with further differentiation within the psychology profession itself) and that physiotherapists working in certain locations will now command a higher hourly rate.

The allied health sector remains concerned that such differentiation will pave the way for an increasingly complicated schedule of fees, which is soon rendered obsolete by changing demographics and, as such, is inherently unfair.

Recommendation: OTA reiterates its call for a flat rate for therapy supports that reflects the true costs of providing services under the NDIS. We remind the government that, despite gradual improvements to the scheme, its flawed processes and systems continue to place a considerable unpaid administrative burden on service providers that other schemes do not.

Proposed reforms to NDIS Planning arrangements

In a recent address to the National Press Club, the Minister for the NDIS, the Hon. Stuart Robert MP, flagged some significant changes to NDIS planning arrangements. These include the introduction of three year plans for those participants with stable conditions, the capacity to amend parts of a plan without triggering a complete plan review, and the provision of draft plans to participants. OTA

would endorse these reforms, noting in particular our longstanding advice to government that getting NDIS plans right in the first instance will save the scheme hundreds of millions of dollars over the medium to long term.

Recommendation: NDIS planning arrangements should be altered to allow for: three year plans where these are appropriate; amendments to plans without triggering a complete plan review; and the provision of draft plans to participants.

Certification of NDIS providers

OTA continues to receive extensive feedback from members, particularly sole providers and small business owners, who are concerned about the administrative and financial cost of seeking certification to provide early childhood supports. This problem has become more widespread and pressing as the NDIS Quality and Safeguards Commission (the Commission) has rolled out its operation beyond the two original jurisdictions of New South Wales and South Australia.

Many providers are seriously considering walking away from the scheme due to the requirement that they undergo a prohibitively expensive and time consuming audit. Despite protestations to the contrary from the Commission, OTA can only conclude that this expense is, at least in part, attributable to the fact that providers are required to select from a small list of approved auditors. This is plainly anti-competitive. Some occupational therapists have been quoted audit fees in excess of \$15,000.

Those based in rural and remote locations are required to cover the travel and accommodation costs of the visiting auditors. Significantly, some jurisdictions, for example the ACT, have no locally based approved auditor.

And the fact that this cost will have to be met every three years renders NDIS work for many smaller practices unsustainable.

As OTA wrote in a submission to the Australian Parliament's Joint Standing Committee on the NDIS in February:

Certification by the NDIS Quality and Safeguards Commission is a disincentive to continued registration with the NDIS, in particular the prohibitive cost of the required audit. OTA asks again why one arm of government, the Australian Health Practitioner Regulation Agency (AHPRA), deems our members fit to practice while another, the Commission, questions that fitness ... OTA is aware that a large number of providers are choosing not to re-register and that this has led to a significant increase in the number of families requesting plan reviews to change their funding to self or plan managed, thereby enabling them to see unregistered providers.

Several months ago, the CEO of Assistive Technology Suppliers Australia (ATSA) warned that the entire assistive technology sector within Australia was on the verge of collapse. This was because the Commission's certification requirement was rendering smaller, often family-run businesses

unsustainable. Moreover, those businesses that might be able to survive were running out of customers because of the diminishing number of occupational therapists prescribing assistive technology. And why are there fewer prescribing occupational therapists? Because of the NDIS Commission's audit requirement.

So, small occupational therapy practices, small businesses and an entire industry sector – with its generations of accumulated expertise – is threatened by what OTA contends is an entirely unwarranted bureaucratic requirement.

Despite assurances from the Commission, the cost of certification is not proportionate to the size of the practice or the business.

Recommendation: NDIS service providers registered with the Australian Health Practitioner Regulation Agency have already been deemed competent to practise by the Commonwealth Government and should not have to be certified or verified in any way whatsoever by the NDIS Quality and Safeguards Commission.

Should this recommendation not be adopted, the Commission should ensure that any audits it undertakes are proportionate to the size of the organisation being audited and the types of supports it provides. The register of auditors approved by the Commission should be significantly enlarged, with multiple auditors in every state and territory.

Ensuring funding certainty for NDIS participants

Despite assurances by the government that the NDIS is fully funded, its decision to abandon a planned increase in the Medicare levy to pay for the scheme created uneasiness within the disability sector. This uneasiness was exacerbated when, in 2019-20, funds unspent by the NDIS because of the inefficiency of its rollout were used to help achieve the appearance of a balanced federal budget.

With the scheme estimated to cost around \$22 billion in the first year of full operation, it is imperative that any lingering uncertainty around the scheme's funding be resolved.

Recommendation: The Australian Government should clearly outline how it intends to fund the NDIS in the coming years and the likely impact of scheme costs on other areas of spending.

Establishing eligibility for the NDIS

OTA reiterates its concern, raised in a letter to the Australian Parliament's Joint Standing Committee on the National Disability Insurance Scheme in February 2019, that costs associated with the necessary assessments and reports when potential participants are seeking access to the scheme is a barrier to accessibility. Medicare rebates are not sufficient to cover the cost of assessments required to establish eligibility, and not all those seeking to establish eligibility can afford the costs associated with obtaining the assessments and reports required. The current Medicare rebate for up to five allied health sessions per year is often not adequate for an occupational therapy functional assessment and report, a type of assessment those seeking to establish eligibility may require. This means that a potential participant is denied access to a scheme for which they might otherwise be

eligible. To address this barrier, the Australian Government should give consideration to providing free or substantially subsidised initial assessments undertaken for the purpose of establishing eligibility.

Recommendation: The Australian Government should give consideration to providing free or substantially subsidised initial assessments undertaken for the purpose of establishing eligibility for the NDIS.

Department of Veterans' Affairs

Given the demands of military service, both physical and mental, a sizeable proportion of veterans require the services of occupational therapists.

While occupational therapists derive enormous professional satisfaction from working with veterans and war widows, it has become increasingly difficult work to sustain. This is because remuneration for such work has, in effect, been frozen by the Department of Veterans' Affairs (DVA) for more than a decade. There has been no increase in the rebate, beyond adjustment in line with the CPI, since 2007. That increase was modest and applied to only one item on the schedule of fees. And, moreover, there was no adjustment in line with the CPI between 2013 and 1 July 2018.

Those occupational therapists still working with veterans do so at a loss; they only keep doing it out of loyalty to longstanding clients and by relying on cross subsidies from other work.

The fee schedule is outdated, no longer reflecting the increased complexity of the work done by occupational therapists and the assistive technology they prescribe. Our members often identify mental health issues while doing assessments and are subsequently expected to perform a case management role which is not remunerated. An updated fee schedule should reflect the changing landscape in which occupational therapists work. It should remunerate them for the time it actually takes to perform increasingly complex consultations.

Recent technical adjustments to the fee schedule rendered it more efficient but did not result in any significant increase in fees paid to allied health providers. While initially indicating there will be no increase in fees until 2021 at the earliest, DVA recently stated in Budgets Estimates hearings that there is currently a review of its health fee-setting arrangements, and that the outcome of that review may be known before the end of the year. This was in response to recommendation 16.3 of the Productivity Commission's report on *Compensation and Rehabilitation for Veterans*, which called for an independent review of DVA's fee setting.

In 2019, this issue became so pressing OTA launched a standalone website, www.otsforveterans.com.au, to draw the public's attention to this injustice. The website declares "this is not the way a grateful nation treats the people who treat its veterans".

OTA calls, yet again, for an immediate and meaningful increase in the fees paid by DVA to occupational therapists, ensuring that those providing care and support to our nation's veterans are paid at least a living wage to do so.

Recommendation: There should be a significant increase in the fees paid by the Department of Veterans' Affairs to those occupational therapists providing services to veterans and war widows.

Mental Health

Mental health service provision is a core area of practice for occupational therapists dating back to the beginning of the profession. Occupational therapists work across the spectrum of mental illness, providing services to people with mild, moderate and severe mental health conditions. They deliver services to people with relatively common conditions such as anxiety disorders, as well as more severe conditions that require targeted interventions, such as psychosis and trauma-related disorders.

Despite this, there is currently a sizeable disparity between the rebates for services provided by psychologists, and those provided by occupational therapists and social workers through the Better Access to Mental Health initiative. For example, a clinical psychologist who sees a client for between 30 minutes will receive a higher rebate than an occupational therapist who sees a client for an hour. This lack of consistency can lead to significant out-of-pocket expenses for consumers who are often not made aware of the differences in rebates prior to commencing treatment.

A number of therapists have reported that it is simply not financially viable to work in this space due to inequities within the system. Moreover, lower rebates devalue the important work of occupational therapists and social workers and make it harder for consumers to access their services.

Practice owners, irrespective of their profession, must cover operating costs, including rent, equipment, utilities, computers and insurance. Unless occupational therapists and social workers receive the same rebate as other health professionals, private providers may be squeezed out of the market.

Co-payments can prove prohibitive for many clients, some of whom decide to cancel appointments or delay their next appointment. This is particularly true of rural and remote consumers, whose income is, on average, lower than that of people living in metropolitan areas.

The work of occupational therapists often requires significant travel, and consultation and liaison with relevant others, in order to secure effective outcomes for clients. This is inadequately subsidised under the program.

It is to be hoped that the review of Medicare Benefit Schedule items pertaining to the treatment of mental illness, conducted in 2019 and currently with the government, reaffirms the value of occupational therapists' role in the Better Access initiative. Moreover, the review should serve as an

opportunity for the Commonwealth Government to introduce a flat rate in respect to rebates across all professions included in Better Access.

Recommendation: There should be a flat rate in respect to rebates across the professions included in the Better Access to Mental Health initiative, along with recognition of the need for loading for work undertaken in rural and remote areas.

Primary Health Care

Targeted spending on primary health care is a means of addressing the health needs of individuals before they become more acute. A proactive investment in 'wellness', rather than reactive spending on the treatment of illness, represents a longer-term investment in the health of the community.

While the creation of Primary Health Networks (PHNs) tasked with addressing local population health needs is a positive initiative for local communities, OTA believes there should be greater investment in raising community and GP awareness of the vital 'value add' provided by allied health professionals. This will enhance the holistic nature, and therefore the effectiveness, of primary health care.

By enabling people to participate in daily activities, occupational therapists are key to illness prevention. By assisting the injured to return to work as soon as possible, occupational therapists enhance economic productivity. And by promoting wellness, occupational therapists help minimise avoidable hospitalisations, thereby relieving pressure on the health system.

OTA welcomed the announcement by the Commonwealth Government, in August 2019, of a Long Term National Health Plan, and its stated commitment to improving primary care and preventative health measures. Given their central role in the delivery of primary care and the prevention of disease, it is imperative that the allied health professions be regularly consulted in the development of the National Plan and in any primary care arrangements resulting from it. These arrangements should enshrine, and facilitate the operation of, an interdisciplinary model of care.

Recommendation: The federal government should implement an interdisciplinary, preventative model of health care that encourages active dialogue between all members of a patient's care team.

Aged Care

Occupational therapists play a key role in providing aged care services to older people, both in the community and in residential aged care facilities.

Occupational therapists work with older people with age-related conditions such as poor balance and coordination, memory loss and confusion, and vision and hearing loss, which lead to changes in their ability to participate in the meaningful activities of everyday life.

OTA welcomed the Royal Commission into Aged Care Quality and Safety, and lodged a submission with the Commissioners in September of this year. OTA also welcomed the interim report of the Royal Commission and the Commonwealth Government's subsequent announcement, on 25 November, that \$537 million has been set aside to facilitate the implementation of particular recommendations contained in the Commissioners' final report, most of it to fund an additional 10,000 home care packages.

OTA shares concerns already voiced by other interested parties, however, that the cost of addressing the problems identified by the Royal Commission will vastly exceed this sum.

OTA therefore urges Treasury to develop a fiscal strategy that will ensure the implementation, over a reasonable period of time, of those recommendations of the Royal Commission which are subsequently accepted by the Commonwealth Government.

Recommendation: Treasury should develop a fiscal strategy that will ensure the implementation, over a reasonable period of time, of those recommendations of the Royal Commission which are subsequently accepted by the Commonwealth Government.

The maldistribution of the health, aged care and disability workforce

In a land as vast as Australia, and with a population as urbanised as Australia's, it is unsurprising that our health, aged care and disability workforce is stretched so thinly between our major cities. But while the problem comes as no surprise, it nonetheless remains a problem.

Key issues behind these workforce shortages include the difficulty of recruiting and retaining workers, high turnover rates, inadequate availability of senior/experienced staff, and an oversupply of part-time and casual workers.

The federal government should work to address this maldistribution as a matter of urgency, ensuring those Australians living outside our major cities and regional centres enjoy reasonable access to health services befitting one of the world's most advanced countries. The stated determination of all governments to 'close the gap' of Indigenous disadvantage is another compelling reason to ensure such access.

Education must play a key role in any long-term solution to this problem. Regular and meaningful rotations through regional and remote locations during the training of medical and allied health professionals heighten the possibility that the student will eventually settle and practice in such a location. This is most easily achieved by way of training networks that link major metropolitan hospitals with smaller regional and rural hospitals. While this is largely the responsibility of state and territory governments, the federal government should work with, and encourage, these governments to implement such arrangements.

The provision of rural-based scholarships and fellowships is another means of attracting students and recent graduates to locations outside our major cities.

OTA strongly supports the development of an Allied Health Rural Generalist Pathway, which is key to the provision of multidisciplinary care in rural and remote areas. We also join with other organisations in calling for the development and implementation of a comprehensive rural and remote health strategy.

Recommendation: The federal government should commit to addressing workforce shortages, and consequently reduced access to essential services, in rural, regional and remote parts of Australia. The government should work with state and territory governments to develop training networks that link major metropolitan hospitals with smaller regional and rural hospitals, and increase the provision of rural-based scholarships and fellowships to attract students and recent graduates to locations outside our major cities.

Recommendation: The office of National Rural Health Commissioner should be made a permanent entity, with funding and resources being provided to support the functions of the Commissioner.

Private health insurance

An ongoing concern to members of OTA is the lack of recognition of occupational therapy by Australian private health insurance funds. Some cheaper packages offered by private health insurers exclude occupational therapy altogether, while including other therapies with little evidence in support of their benefits. Many of the more expensive packages relegate occupational therapy to the status of an optional extra.

While OTA understands there is no overarching or mandated framework that determines which services are included in private health insurance packages, we believe it is critical that private health insurers are made aware of the efficacy of occupational therapy and are encouraged to incorporate its services in their basic packages. This would enable policy holders to access therapeutic services of proven value if and when the need arises.

At a time when government is focusing on the public health and economic benefits that flow from preventative medicine, OTA believes private health insurers should be encouraged to devote more energy and resources to preventative care when undertaking product design. While we recognise that many insurers offer customers benefits, such as discounted gym membership, that encourage healthy lifestyles, it is fair to say that there still exists a general belief that health insurance only 'kicks in' once someone is sick or injured.

In the case of elderly customers, for example, the health system and the private health funds would generate substantial savings by making even a modest investment in assistive technology and home modifications as prescribed by an appropriate allied health professional. There is also ample evidence to support the assertion that every dollar invested in falls prevention by a private health fund will save that fund multiple dollars.

Recommendation: The federal government should encourage the private health insurance industry to play a more proactive role in the delivery of preventative healthcare and, in particular, falls prevention among elderly policyholders. Private health insurers should be required to consult with key stakeholders, including relevant peak bodies and professional associations, with regard to decisions concerning product design and the exclusion of particular services from available extras.