

Jobsupport Submission re the New Disability Employment Services from 2018 Discussion Paper

Jobsupport welcomes the opportunity to provide input regarding the New Disability Employment Services from 2018 Discussion Paper.

Jobsupport strongly supports the introduction of a market based on informed participant choice and the removal of market share, a DES provider panel that retains minimum performance criteria and the increased opportunities for successful providers to expand. Allowing services to set a size limit should help avoid higher performing services being flooded.

The continuation of specialist services, direct registration and the recently introduced more flexible ESA approach, whereby services can receive clients from neighbouring ESA's, is also welcome.

Jobsupport would be happy to expand on any of the suggestions outlined below if this would be useful.

A Single DES Contract

The discussion paper proposes a single DES contract. The current DES ESS contract attempts to apply one set of rules across a wide population. DSP numbers in the DES program have fallen from 33,873 (July 2011) to 23,419 (October 2016) and intellectual disability numbers from 9,098 (July 2011) to 7,981 (October 2016). Creaming is the Achilles Heal of outcome-based funding approaches and a one-size fits all policy approach disadvantages higher support clients.

Peter Baume's Report of the Strategic Review of the Commonwealth Disability Services Program (1995) made the following observation:

It is important that the employment objectives of the Commonwealth do not direct services only towards those with the mildest levels of disability or with mildest support needs. Although such an approach would produce the most rapid improvement in employment statistics, it would not serve any of the equity goals that have been espoused by the Government. Those responsible for the Program should ensure that no perverse incentives are created in the Program which disadvantage those with higher level support needs.

A separate contract or a separate stream within one contract should be maintained for people with ongoing support needs. The existing ongoing support population could be investigated to establish the entry criteria for this stream. A separate ongoing support stream/contract:

- Allows policy to be tailored to this group,
- Is likely to reflect largely a volunteer population where employment requires encouragement rather than the enforcement of mutual obligation, and
- Is likely to link well with the NDIS.

The number of clients in ongoing support within the DES-ESS and DES-DMS programs is relatively small (13,189 in October 2016 out of a population of 187,574). Some peak bodies are suggesting that the provision of ongoing support could be optional for service providers. It is difficult to see how a service could be guaranteed across Australia for clients with ongoing support needs unless a separate contract or stream focussing on this population is maintained.

Clients with higher support needs provide a unique opportunity for significant Government savings. The attached CIE *DES and the NDIS: opportunities for portfolio wide savings (2016)* identified significant savings if clients are in open employment. These savings remain with the introduction of the NDIS and the report is currently being updated.

Informed Choice

The paper aims to improve outcomes by establishing a market of informed consumers.

In a market based on informed choice, the support offered provided should be determined by the participant in conjunction with their high outcome provider of choice. Participant control over supports needs to be balanced against what works. The paper's recognition that providing direct participant control of a proportion of funding has failed in the past is positive. Providers should not be required to accept clients who want to spend their funding on activities that don't work.

The primary vehicle for informing participant service choice should be service outcomes by type of disability. The addition of a 52-week sustainability measure to the currently available outcomes by type of disability data will further improve this data for people with disabilities and employers.

The outcomes by disability data does not include numbers for some services because of small sample problems. The suggestion by some that the stars and outcome data be calculated over shorter periods, such as two years, would increase the number of services without adequate performance data and undermined informed choice for clients.

The paper mentions participant ratings to inform participant choice and requests feedback on how to avoid false or misleading participant service ratings. Any system that relies on voluntary ratings will have sample problems with dissatisfied participants far more likely to rate the service. The annual Disability Standards accreditation audit includes interviews with a random sample of participants proportionate to the number of participants within each service. These interviews could be used to produce annual service user ratings.

The Dissemination Training of Best Practice

The paper appears to rely on the introduction of an informed market, risk-based funding and building employer demand to improve performance. There is insufficient recognition of the need to investigate and disseminate the practices used of better performers.

The DEEWR Evaluation of the Moderate Intellectual Disability Loading included the following observations:

Peak organisations recognise that few DES providers have the specialist skill sets and competencies required to support MIDL participants.

There is no doubt that this is a group of job seekers with exceptionally high needs, who face considerable odds in the open labour market. What appears to set them apart is the body of evidence of their potential to succeed given the right type of service. From the available literature it is clear that money alone is no guarantee of outcomes-outcomes are driven by positive conviction and specialist know-how.

Service performance will only improve when services are provided with both a reason to change/improve and information about the practices used by higher outcome services. The retention of Star Ratings and consequences for poor performance, together with the introduction of a market based on informed client choice and a vote with your feet effect provide a powerful reason for services to change.

One of DES's great strengths is its database. Results data by type of disability could be used to:

- identify the best performing services for different types of disability (and ideally severity),
- investigate the practices used by the best performers, and
- develop training courses based on best practice.

A group such as Virginia Commonwealth University, who have provided training and technical assistance for several decades, could be engaged to assist in this process.

Risk-Based Funding

The paper flags the introduction of a risk-adjusted outcome based funding model. The changes proposed in the paper are noted as, *"intended to create the circumstances in which more DES providers operate at the level of current five star performers to improve employment for people with disability"*.

If the risk of obtaining a job is measured by outcome rate then risk does not necessarily equate to the service cost of placing participants. The FACS Case Based Funding Trial Final Evaluation Report (2002) reported that:

"on average, job seekers with an intellectual disability received higher support hours across all funding levels", and

"jobseekers with an intellectual disability had a higher outcome rate".

Funding needs to be based on the real costs of high outcomes for different types and severity of disability with risk incentives an addition on top.

The original case-based funding trials required approximately two years and were based on support hours. The actuarial funding estimates for the NDIS are proving problematic.

If the funding is inadequate then nothing else matters. It is critical that any new funding model doesn't unintentionally render what is working non-viable. One of two safeguarding approaches could be used:

- A comprehensive review including the collection of support hours data, similar to the case-based funding review and linked to the assessment review.
- A process whereby any proposed funding formula is tested against good average services by type of disability (and where possible severity), using historical service claim data.

The MIDL Evaluation demonstrated that severity of disability is an important funding variable for people with an intellectual disability. It is likely that severity is also an important funding consideration for people with other types of disability.

The first safeguard approach above would enable the collection of support hours to establish costs and the inclusion of a severity measure where possible for each type of disability.

It is important that funding is based on funding per outcome rather than funding per participant. For example, Jobsupport's MIDL funding per participant is \$30,111 (national average \$12,359) whereas Jobsupport's funding per outcome is \$39,620 (national average \$47,534).

Redirecting funding towards higher outcome services is positive, however, funding indexation also needs to be reintroduced.

The Service Fee Outcome Payment Mix and 52-Week Outcome Payments

Jobsupport understands why DSS is attracted to attaching a higher proportion of funding to outcomes rather than service fees. Jobsupport and other high outcome services would benefit from such an approach.

Caution is required because the introduction of 52-week outcome payments and a higher proportion of fees are linked to outcomes, rather than service fees, will disadvantage higher support participants. Services become more reluctant to invest heavily in high cost participants when the time between when the cost is incurred and the payment is received increases.

The majority of the cost of placing a client with a moderate intellectual disability is incurred during job search and the initial 6 weeks of on-the-job training. The CIE *Transition To Work Concurrence 2014* briefing reported that Jobsupport was underfunded by \$19,221 for the average client 7 months into the program but that most of this cost is recouped in the 13 and 26 week outcomes. 83% of Jobsupport's moderate intellectual disability placements achieved a 26-week outcome, however, only 45% of the placements by other services last 26 weeks. New services that wish to develop expertise in placing clients with a moderate intellectual disability are likely to be rendered financially unviable before they achieve a high enough outcome rate.

Ongoing Support

The paper proposes a fee for service model for all levels of ongoing support, "within funding caps to minimise the risk of excessive servicing".

The original case-based funding trial recognised the importance of, “overs and unders” or “swings and roundabouts”. The current system allows participants who cost less than their allocated funding level within a given period to cross-subsidise participants who cost more than their allocated funding level.

24.2% of Jobsupport’s ongoing support hours would be unfunded if a billable hours approach was introduced based on the current \$12,000 HOS as the funding ceiling and \$100 per hour.

A sample of participants within any period will cost more, will lose their jobs under the proposed system, and will recycle through the expensive initial placement phase. The savings are in the maintenance phase for higher support participants.

It is important that funding is based on what is working in high performing services, rather than on stopping possible rorts.

Client Assessment

The paper flags a new assessment process beginning with an international literature review. This undertaking always proves far more difficult than first thought and remains problematic after thirty years - for good reason.

The MIDL evaluation clearly demonstrated that severity of disability is a key factor for participants with an intellectual disability. The drop in DSP participation numbers also highlights the current program’s failure for people with a more severe disability. Both type and severity of disability need to be factored into any assessment process.

The assessment process should focus on establishing funding levels. Providers should do their own assessment for the purposes of job participant matching.

A comprehensive assessment process is useful when the clients being assessed have varied needs. Some groups, such as people with a moderate intellectual disability, are readily identified and could simply be allocated a given level of funding (this is currently done for TTW clients entering DES). An elaborate assessment process for groups where the answer is already known is a waste of public money.

Job in Jeopardy

The proposal to roll Job in Jeopardy into ongoing support needs to be costed. Job in Jeopardy participants require a level of intervention in the first year that is beyond the funding available in ongoing support.

Building Employer Demand

Employers often request a one-stop-shop and complain about being approached by numerous DES services. The NDRC is the latest in a string of one-stop-shop employer initiatives that have all achieved modest results. One-stop-shop arrangements are also used by some employers as an excuse to block approaches by DES services.

The DSS *Annual Report* (2013-14) reported that in 2011-12 the NDRC resulted in 923 job placements whereas DES program placed 61,961 clients.

Any employer initiatives should be evaluated against the outcomes achieved.

Job Plans and Contacts

The focus needs to be on outcomes and job retention with random fraud checks - not micromanagement. The retention of job plans and contact requirements should be rethought for client without a mutual obligation. Good providers need the flexibility to implement what works. Jobsupport completes thousands of DSS Job Plans that fulfil no useful purpose.

Services could upload the documents they use (in Jobsupport's case, Assessment Summaries, Support Agreements and Maintenance Reviews) rather than completing a set format DSS Job Plan.

Transfers Between Providers

Pro-rata fees are a good idea when clients transfer between providers. It would be useful to include some protection for the receiving service that ensures they have sufficient time remaining to place transferred clients in the Employment Assistance phase.

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