



Mental Health  
Council of Australia

# PROVIDING PSYCHOSOCIAL DISABILITY SUPPORT THROUGH THE NDIS

Developing a framework for providing  
psychosocial disability support through the  
National Disability Insurance Scheme

A proposal prepared by the Mental Health Council  
of Australia

March 2014

*Mentally healthy people, mentally healthy communities*

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## PROPOSED APPROACH IN SUMMARY

1. Quarantine mental health/psychosocial disability funding within the NDIS, with the total funding envelope representing \$2.1 billion covering both Tier 2 and Tier 3 participant populations and including people with co-occurring disabilities
2. Estimate numbers and describe the characteristics of Tier 3 participants based on an expert-informed and iterative analysis of the National Mental Health Service Planning Framework (NMHSPF)
3. Allocate remaining funds to new and existing service offerings to be block purchased by NDIA from existing community mental health and other organisations
4. Continue funding in-scope and other existing services for three years, rolling over any contracts that expire within that period and collecting data about consumer pathways in and out of Tier 2 and other services.
5. Undertake a project to re-align assessment and planning processes for Tier 3 participants
6. Initiate wide-ranging and formal consultation and undertake targeted research and evaluation with a view to:
  - a. maximising access to Tier 2 interventions which are cost effective
  - b. developing criteria for allocating potential participants to Tier 3, Tier 2 or Tier 1
  - c. retaining and enhancing the positive features of existing community-based mental health services
  - d. Supporting, where necessary, reform and re-alignment of mental health services to better reflect the concepts of individual choice and control, and gathering views on a range of critical implementation issues
7. Establish formal consultation structures with substantial input from the non-government mental health sector.

## BACKGROUND

The National Disability Insurance Agency (NDIA) has asked the Mental Health Council of Australia (MHCA) to propose a framework for funding and delivering services to people with psychosocial disability related to mental illness through the National Disability Insurance Scheme (NDIS). The new framework would be designed to resolve the challenges encountered to date in ensuring that this population receives support that is reasonable, necessary and financially sustainable.

The MHCA has been working closely with our members to build the capacity of the mental health sector to engage with the NDIS, with support from the NDIS Sector Development Fund. This has

provided us with a keen sense of the current challenges in maximising access to high-quality NDIS-funded supports for people with serious mental illness.

This document proposes some first steps and a process for developing the new framework, incorporating several key streams of work. The proposal is intended to provide a sense of the work that must be carried out and to resolve the challenges that we currently face.

## KEY CONSTRAINTS AND CHALLENGES

The new framework is based on the NDIA's assumption that 35,000 participants will qualify for Tier 3 support, at an average cost of \$35,000 per participant. Total funding for Tier 2 and Tier 3 participants is \$2.1 billion.

The new framework must address several fundamental issues with the current system if it is to be successful:

- The tension between insisting that Tier 3 NDIS participants have a 'permanent' impairment and well-established recovery principles which underpin contemporary best practice in mental health
- Uncertainties over the future funding of, and relationship between, existing programs and services which Commonwealth and State/Territory Governments have agreed are in scope for the NDIS, and which currently fill important gaps in services for people with serious mental illness
- The absence of a satisfactory definition of 'early intervention' for mental illness in the context of an insurance scheme which would usually be expected to invest early in secondary and tertiary prevention to save long-term costs
- The challenges of point-in-time assessment for people with mental illness with fluctuating impairments and support needs, and
- Confusion and anxiety on the part of many consumers, carers and mental health service providers about the implications of the current framework for service quality, access, financial sustainability and links to other systems.

Our proposed approach addresses each of these constraints and challenges.

## PROPOSED APPROACH IN DETAIL

The MHCA proposes the following broad approach:

1. Quarantine mental health/psychosocial disability funding within the NDIS, with the total funding envelope representing \$2.1 billion covering both Tier 2 and Tier 3 participant populations and including people with co-occurring disabilities
2. Estimate numbers and describe the characteristics of Tier 3 participants based on an expert-informed and iterative analysis of the National Mental Health Service Planning Framework (NMHSPF), with the threshold for Tier 3 to reach an appropriate balance between:
  - a. an assessment of which population cohorts are likely to benefit substantially from an individualised package, as informed by the NMHSPF and other key pieces of information
  - b. the NDIA's estimate of 35,000 people likely to receive an individualised package at an average cost of \$35,000 per participant (or approximately \$1.1 billion), and
  - c. the numbers and characteristics of people currently receiving substantial support services that are likely to be funded through individualised packages.
3. Allocate remaining funds to new and existing service offerings to be block purchased by NDIA from existing community mental health and other organisations. These services will allow Tier 2 participants to enter the scheme and receive NDIS-funded supports without having direct contact with the NDIA
4. Continue funding in-scope and other existing services for three years, rolling over any contracts that expire within that period (while still addressing performance issues), and communicate immediately with the mental health sector about the process for developing, implementing and evaluating the new framework. Establish an outcomes framework and track consumer pathways in and out of services, in order to establish a better information base for designing parameters for the future operation of Tier 2.
5. Undertake a project to re-align assessment and planning processes for Tier 3 participants, taking into account:
  - a. evidence from existing NDIS Launch sites
  - b. packages of care set out in the NMHSPF that include in-scope services
  - c. in-scope services not covered in the NMHSPF, including but not limited to supported accommodation;
  - d. difficulties in making accurate point-in-time assessments of people with mental health issues;

- e. the characteristics of people with co-occurring conditions who have mental health/psychosocial disability support needs, and
  - f. the views of consumers, carers, mental health service providers and other experts.
6. Initiate wide-ranging and formal consultation and undertake targeted research and evaluation, drawing on data collected through the three-year continued operation of in-scope services (as at point 4, above), with a view to:
- a. maximising access to Tier 2 interventions which are cost effective and are likely to save costs by preventing psychosocial disabilities from emerging or worsening over the long term. These interventions would include (at a minimum) services relating to housing, education, employment, relationship, social participation and other non-clinical issues
  - b. developing criteria for allocating potential participants to Tier 3, Tier 2 or Tier 1 which are satisfactory to consumers, carers, service providers and governments
  - c. retaining and enhancing the positive features of existing community-based mental health services, including contemporary, best-practice approaches to service design and delivery which aim to foster recovery, a highly specialised and growing workforce, and maximum involvement by consumers and carers in decisions which affect them
  - d. supporting, where necessary, reform and re-alignment of mental health services to better reflect the concepts of individual choice and control, and
  - e. gathering views on a range of other issues, including (at a minimum) pricing, service provider and sector capacity, workforce, supported decision-making, monitoring and evaluation.
7. Establish formal consultation structures, with substantial input from the non-government mental health sector, to advise on both the development of the new framework and other mental health issues, and partner with the MHCA to communicate the process and outcomes of consultation with non-government stakeholders.

## PROJECT PLAN OUTLINE

To progress the approach outlined above, the MHCA recommends a range of actions in a number of work streams. These tasks may form part of a broader workplan to be agreed by NDIA to support the transition to the new framework.

Work stream	Key issues	Recommended actions
Coverage and eligibility	<p>Quantifying the target population(s)</p> <p>Tier 1/Tier 2 threshold</p> <p>Tier 2/Tier 3 threshold</p> <p>Permanency versus recovery</p>	<p>NSW Health/MHCA to map target groups for all 118 care packages under NMHSPF and compare with NDIS principles and rules</p> <p>NDIA and MHCA to develop outcomes framework for collecting information about services outside of Tier 3 in first three years of scheme operation</p> <p>NDIA and MHCA to agree populations and threshold criteria for Tier 1/2 and Tier 2/3</p> <p>MHCA to work with sector to develop more appropriate eligibility criteria for inclusion in amended legislation</p> <p>NDIA and MHCA to develop more detailed budget based on new underlying assumptions</p>
Assessing impairment and support needs	<p>Initial assessment process</p> <p>Subsequent/ongoing assessment</p> <p>Assessment tool(s)</p> <p>Care packages</p> <p>Fluctuating need</p>	<p>MHCA to work with sector to develop core principles to be reflected in assessment tool</p> <p>MHCA to work with sector to develop a protocol for assessing needs that may change over time, to test with the MH sector</p> <p>NDIA and MHCA to work with sector to evaluate and revise current assessment tool</p> <p>MHCA to compare reference packages with care packages under NMHSPF</p> <p>NDIA to ensure that carers and service providers have a formal role in assessment and planning under certain conditions</p> <p>NDIA and MHCA to work together to ensure skills and training for assessors supports new framework</p>

Work stream	Key issues	Recommended actions
Outreach and early intervention	<p>Needs of underserved population groups – ATSI, CALD, rural and remote</p> <p>Maximising participation in the NDIS by consumers with limited insight and negative experiences of the service system</p> <p>Early intervention services delivered beyond the clinical MH system</p>	<p>MHCA to work with sector and consumers and carers to develop core principles for a system of outreach building on current service models and existing client/service provider relationships</p> <p>MHCA to develop a draft definition of early intervention for mental illness, in consultation with MH stakeholders and the NDIA</p>
Integration with existing programs	<p>In-scope Commonwealth programs</p> <p>In-scope state/territory programs</p> <p>National mental health policy</p> <p>Supported accommodation</p> <p>Other community, employment and related programs</p>	<p>Map Commonwealth and State/Territory programs in scope, including target groups, client load, flows and funding for each program</p> <p>MHCA to engage with DoH on the implications of new framework for the 5<sup>th</sup> National Mental Health Plan (currently being developed)</p> <p>NDIA and MHCA to detail opportunities to fund supported accommodation under the NDIS</p> <p>Develop procedures to ensure that participants do not need to be “re-assessed” by NDIA to access Tier 2 support</p>
Consumer and carer engagement	<p>Availability of accessible information</p> <p>Consumer control of services and funding</p>	<p>MHCA to work with consumers and carers to develop and publish consumer and carer resources through current capacity building project</p> <p>MHCA to consult with consumers and carers through current capacity building project</p>
Service provider engagement	<p>Organisational culture</p> <p>Organisational readiness for individualised funding</p>	<p>NDIA to announce continuation of existing service arrangements for 3 years, including rolling over contracts under in-scope programs</p> <p>NDIA to fund and support further capacity building projects to enhance the readiness of MH service providers to operate in an individualised funding environment</p>

Work stream	Key issues	Recommended actions
Sector engagement	Leadership and advocacy Partnerships and collaboration	NDIA to appoint senior officials with a working knowledge of recovery principles as they apply to mental health to oversee this stream of work internally  NDIA and MHCA to establish formal high level engagement with MH stakeholders to ensure ongoing structured input into framework development and implementation
Workforce	Growing the peer workforce Quantifying future workforce Workforce planning within organisations	NDIA to build on Community Mental Health Australia's recent work to support VET qualifications for mental health workers in community organisations
Monitoring, accountability and evaluation	Service quality Safeguards Data availability	NDIA to work with the MHCA and stakeholders to evaluate Tier 3 and other service data in order to design Tier 2 parameters.  NDIA to work with the MHCA and stakeholders to communicate regularly and formally on progress from a MH perspective
Transition	Sector anxieties about future of in-scope programs Moving to funding in arrears	NDIA to quarantine mental health moneys for people with MI (including co-occurring conditions) during transition period  MHCA to undertake broad communication with consumers, carers and the MH sector to explain the current and future status of in-scope MH programs, in partnership with the NDIA
Communication and consultation	Scheme design issues Implementation issues Launch-site issues Securing agreement from states/territories	NDIA to support the MHCA to initiate a formal process for capturing expertise from the NGO MH sector in policy development  NDIA to fund the MHCA to engage, communicate and consult with the broader MH sector on new framework

## THE ROLE OF THE MHCA

The MHCA is well placed to assist the NDIA in the development of the new framework. As an independent peak body with no service delivery role and a diverse membership that includes consumers and carers alongside policy makers, researchers and service providers, the MHCA seeks to ensure that the NDIS meets the needs of people with psychosocial disability and their carers.

## NEXT STEPS

The MHCA developed this proposal for a new framework at the request of the NDIA who, prior to this time, had asked us to respect their requirement for confidentiality. This requirement has now been lifted. To this point, and again at the NDIA's request, we have included only David Meldrum (CEO of the Mental Illness Fellowship of Australia) in the development of the proposal and we are very grateful for his generous contribution. We had flagged with the NDIA our eagerness, at the earliest opportunity, to engage in consultations with our members and with other experts from the non-government mental health sector in order to further test this proposal. We are pleased to have that opportunity now and welcome your feedback.

The logo is a stylized white flower with eight petals and a dark blue center, set against a light blue circular background.

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