atsa
Assistive Technology
Suppliers Australasia

Supporting Choice and Control: Assistive Technology Funding Reforms

Briefing Paper

Introduction

A new model for assistive technology (AT) provision is required as the previous role of government as the AT selection agent, purchaser and owner on behalf of people with disability of all ages is not congruent with consumer choice and consumer-directed care in both disability and aged care service provision.

Linking funding to individuals, their needs and their choices, and away from centralised command-and-control bulk purchasing structures to competitive open-market fee-for-service retail structures is underway for all disability services in preparation for the full rollout of the NDIS (Joint Parliamentary Standing Committee on NDIS 2014). Previous service models driven by top-down decision-making processes have not delivered optimal outcomes for consumers and cannot provide long-term cost savings for governments (Prod. Comm. 2011).

Effective and affordable provision of AT to those who need it is essential to their quality of life, increasing participation in social and economic life, and reducing overall costs to the community and governments. Utilisation of a market-oriented retail model for supplying AT for purchase and rental is the most effective and efficient way of ensuring good matches between individuals and their AT, and optimal outcomes at a cost-effective price with a minimum of red tape and delays.

A retail model for providing AT through both businesses and not-for-profit organisations aligns completely with the broader shift to consumer choice and consumer-directed care in government-funded services in disability and aged care. Good value for government can readily be achieved as AT retail prices in Australia are on average between 24% (Queensland Competition Authority (QCA) 2014) and 14% (ATSA 2014a) cheaper than those in other countries when like-for-like comparisons are undertaken.

A retail model for AT would require a minimum of government intervention through some simple measures to ensure transparency and accountability, and modest supports/ incentives in particular areas such as rural and remote service delivery where market failure is likely. The QCA (2014) and Jenny Pearson and Associates (2013) both cited evidence indicating that individualised purchasing can achieve lower prices for government AT funding programs. Over-use of bulk purchasing also leads to reduced competition and diversity, higher prices and less innovation over time (QCA 2014).

Individualised funding and consumer directed decision-making in a highly competitive AT retail environment will promote choice and quality, and keep prices low.

Background

AT is a primary enabler, supporting one in ten Australians of all ages (ABS 2004) to undertake many activities others take for granted in their daily lives. Effective AT provision can reduce long-term care costs and healthcare costs, and increase participation in employment and education (Audit Commission 2000, 2004; AIHW 2006; Heywood & Turner 2007).

AT products are used for personal care, daily living, communication and mobility, and include home and vehicle modifications. AT varies from simple and inexpensive devices such as canes and aids to open cans, through to very complex and high-tech equipment such powered wheelchairs with customised seating and controls.

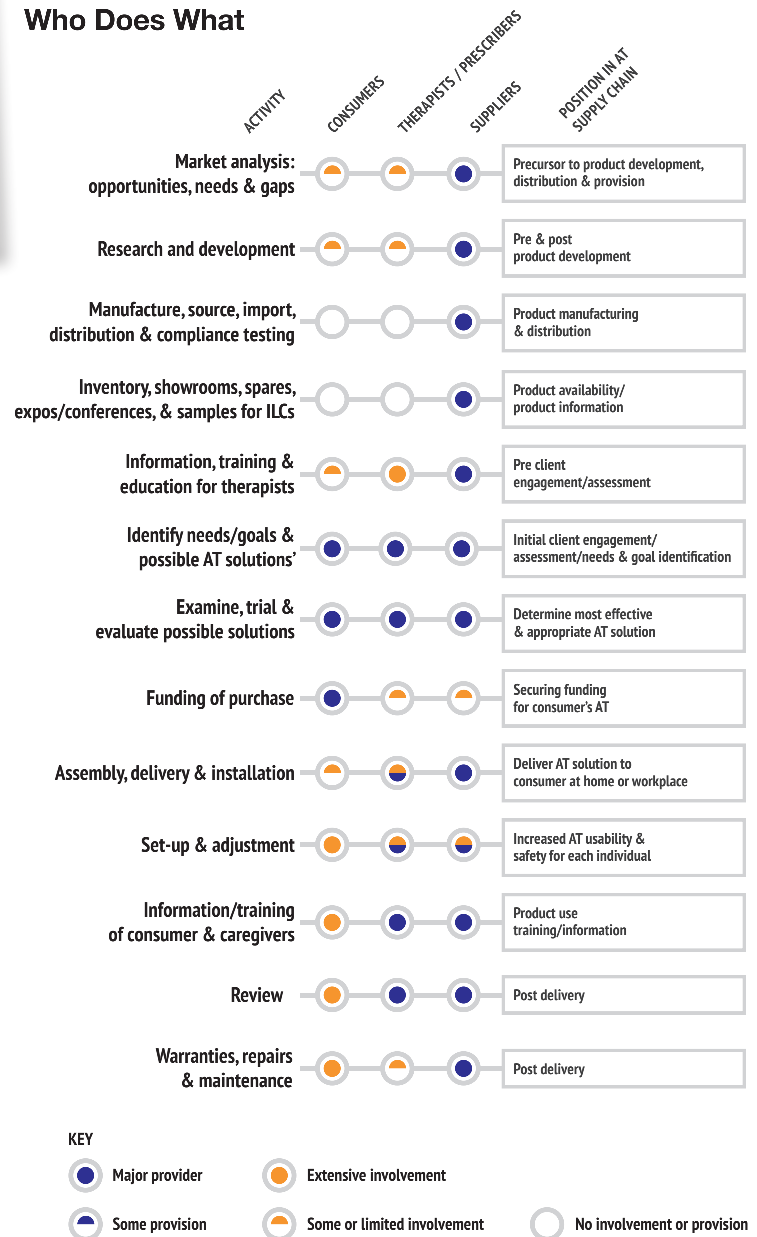
The major state/territory AT programs, such as MASS in QLD, are the primary source of AT funding for many people who cannot privately fund their own AT, utilise the DVA's RAP program, or access specific programs such as the Commonwealth's Hearing Services Program. Details of state/territory AT programs vary widely, but all are based on frameworks developed to fairly ration scarce resources with the government acting as the agent, purchaser and owner on behalf of the person requiring the AT. Figures vary, but typically 35–40% of the funding in the state/territory programs goes to people under 65, and the balance to those over 65.

AT in Australia

Individuals are often capable of selecting their own AT, particularly in relation to relatively simple AT, and sometimes also more complex AT especially when a consumer has considerable experience and knowledge of AT. However, given the extensive range of AT products available, new products coming onto the market, and the unique requirements of many individuals who may use 7–10 different AT items (Layton 2010), achieving the right match between the individual, their environment, goals/aspirations and their AT is usually a complex process.

Consequently, notwithstanding the general impression that AT suppliers are all about 'aids and equipment, hardware and gadgets', the industry is largely service-based, focused on ensuring a good match between the individual and their AT. These services are particularly important in relation to moderately and highly complex AT. An active partnership between the consumer, their allied health therapist and the AT supplier which utilises all of their combined expertise and knowledge is usually essential to achieving the best outcomes (RESNA 2011; Martin et al. 2011).

Many of Australia's 350–400 specialist AT retailers employ highly skilled allied health professionals and provide showrooms. A substantial proportion of the retail price of AT goes to covering the costs of providing these and other services to ensure a good match between the person and the AT, such as in-home trials, consultation/advice/product selection, extensive demonstration stock, delivery, set-up, fitting/adjusting, modification/customisation, training and evaluation. See the 'Who Does What' figure, and also ATSA's briefing papers *AT in Australia* (2014b) and *AT Pricing – Is it fair and reasonable?* (2014c) for more details.



Ensuring good consumer outcomes and value for money

Major issues to consider in relation to an effective and efficient AT retail model include:

- information asymmetry – independent information and advice
- pricing transparency and accountability
- quality assurance, credentialing and accreditation
- minimising impacts and sources of market failure
- evaluating consumer outcomes over time.

Information asymmetry

Information asymmetry is a common cause of market failure, as effectively functioning markets require both buyers and sellers to have the same information about products, their quality, their uses and the outcomes of their use. Previously, independent allied health professionals provided advice to government AT purchasers about the appropriateness of a particular AT item for an individual in the form of a 'prescription' to the government funder.

The role of 'prescribing therapists' should be transformed to focus on providing advice, information and support to individual consumers to assist them in selecting the most appropriate AT for their needs, goals and environment. Limited availability of these professionals to do this work is currently a common source of delay, and delays result in poor outcomes and higher costs.

In addition to independent allied health professionals, other major sources of information for consumers include the national network of Independent Living Centres (ILC), including their AT database, as well as other international databases and related decision-making aids such as www.asksara.dlf.org.uk, and information available from AT manufacturers and retailers. Also, people who utilise AT frequently share their experiences with each other, both online and in person.

In Australia there is significant scope for increasing the breadth, depth and accuracy of the existing ILC database. ATSA has proposed a model to the ILCs for doing this, and while the proposed approach would shift a considerable proportion of the responsibility and costs to AT suppliers for keeping the database up to date, the ILCs continue to struggle to find adequate funding to undertake essential redevelopment of the database.

Pricing transparency and accountability

The NDIA has already produced a publicly available price guide for AT, to assist their planners to identify appropriate price ranges for different AT items. Many of the higher cost and more complex items require a quote from a supplier, and if the quote is well outside the expected price range a review process is triggered. Such processes, along with the resulting data collected on AT purchases through the NDIS over time and across the nation, and the ability to monitor pricing patterns and related anomalies, should provide strong safeguards that can be replicated in relation to aged care. Sanctions such as de-registering AT suppliers that are registered with the NDIA could be applied.

Additionally, given these will be individual purchases, not based on commercial-in-confidence bulk-purchasing contracts, pricing information obtained this way could be made public, and thus be very transparent regarding prices for AT products and services across the nation.

With individualised purchasing, AT retailers would also have a much stronger incentive to publicise their prices – otherwise consumers are likely to go elsewhere. This pricing information will ideally contain an explanation of what services are and are not included in the retail price of the AT item. For instance, a pressure care cushion that is an exact replacement for an effective but worn-out cushion is likely to be sold straight off the shelf at a lower price than an identical one that requires a degree of service to determine the consumer's needs, use, right type and size, and instructions on use.

Quality assurance, credentialing and accreditation

Consumers purchasing AT in Australia are covered by our very robust Australian Consumer Law (see the box for details). However, consumers are not covered by these laws when the AT is purchased and owned on their behalf by the state/territory AT funding schemes, or when they purchase AT overseas through the internet or other means.

Consumer rights in Australian Consumer Law

Products purchased must:

- be of acceptable quality
- match the description, sample or demonstration model
- be fit for their purpose
- legally belong to the seller
- not have any outstanding money owing on them
- have spare parts and repairs available for a reasonable amount of time after your purchase unless otherwise stated.

Most AT items sold in Australia are Class 1 Medical Devices, and are regulated by the Therapeutic Goods Administration (TGA), and local manufacturers or importers are required to ensure that these are listed with the TGA before making them available for purchase in Australia. Also, there are national and international standards applicable to most AT. As a fundamental requirement and whenever applicable, any AT purchased with government funding should be listed with the TGA and compliant with the relevant standards.

All of ATSA's members are required to uphold the *ATSA Code of Practice* (see www.atsa.org.au). Additionally, ATSA has proposed the establishment of an AT-specific accreditation and credentialing scheme to certify the expertise and quality of AT suppliers (many of whom are already compliant with ISO 9001) and AT professionals working at the more complex end of AT, including independent allied health therapists and those employed by suppliers (Summers & Walker 2013). Further investment in developing AT accreditation and credentialing is unlikely to occur until there is a commitment from major AT funders such as the NDIA to utilise such a framework.

Minimising impacts and sources of market failure

Currently the most apparent source of market failure is the non-commercial viability of providing AT (including maintenance and repairs) in rural and remote areas. The low population density makes supporting such specialised services problematic – a difficulty common to many other areas of service provision. This issue must be addressed and possible solutions evaluated, such as acknowledging these additional costs for AT products and services in the prices paid for AT in rural and remote areas, or through other financial incentives.

A significant part of any approach will involve ensuring the availability of services by allied health professionals with AT skills to provide independent advice and information to consumers and their families/communities in rural and remote areas. Solutions might include not separating this advice from AT provision itself, and managing any potential conflicts of interest via other means, as well as teleconferencing and other electronic means of directly accessing this expertise.

Evaluating consumer outcomes

It is essential that consumer outcomes in relation to AT provision are evaluated in the short and long term. Linking these outcomes to AT provision processes and associated costs is vital to testing and improving service delivery processes, and to making informed decisions about what really makes a difference – especially relative to consumer outcomes and associated costs.

There is a paucity of AT research in Australia, and implementing the NDIS and Aged Care Reforms provides an ideal and rare opportunity to gather evidence about what does and does not work, for all stakeholders – individuals, their families, the community, funders and providers.

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