

LEGISLATIVE COUNCIL STANDING COMMITTEE ON LAW AND JUSTICE

5TH REVIEW OF THE EXERCISE OF THE FUNCTIONS OF THE LIFETIME CARE AND SUPPORT AUTHORITY OF NSW

QUESTIONS ON NOTICE ARISING FROM PUBLIC HEARING 17 MARCH 2014

QUESTION 1

Mr DAVID SHOEBRIDGE: There are some specific questions about the finances of the scheme to which I am interested in hearing your response. In the past financial year income from premiums is of the order of \$740 million; total assets are about \$2.5 billion; but the payment to the 796 participants was less than \$65 million. I know it is a long-tail scheme but you have \$740 million coming in and \$64 million going out. Can you just talk around those figures and explain them?

Mr FERGUSON: Yes. I might just start by noting that \$740 million is actually \$470 million, so it is reversed but I would similarly be concerned in relation to that.

Mr DAVID SHOEBRIDGE: It is still a discrepancy—\$470 million and \$65 or \$64 million.

Mr FERGUSON: Yes. As I go to the right page in my folder—

Mr DAVID SHOEBRIDGE: Take your time, Mr Ferguson.

Mr FERGUSON: The amount of money that is collected each year reflects the full cost of providing support for any cohort for the rest of their lives. The amount that you pay out in that year could never be commensurate with the amount you collect because that gets put aside for those individuals for the rest of their lives. That is a significant point relating to the difference there. The valuation has reduced from the annual report period—\$417 million down to \$404 million. That reduction is due to actuarial changes relating to mortality rates and also the numbers of interim participants. The current liability—would you like me to go through this?

Mr DAVID SHOEBRIDGE: By all means if you feel it is necessary to explain it, but it may be provided on notice.

Mr FERGUSON: Okay, yes.

RESPONSE:

For the 2013/2014 year the revenue collected from premiums was \$470,265,000. Total revenue, including investment income is \$749,721,000.

The current Scheme liability as at 31 December 2103 is \$2.23 bn including estimated future year costs. This comprises:

- Estimates of already known participants at 30/9/13 - \$1.77 bn
- Estimate of future incurred but not reported claims - \$211.3m
- \$185.3m for future operating expenses Adjustment for future improvement life expectancy - \$65.1m

The long tail nature of the Scheme cannot be underestimated. The size of the liability to the annual revenue cash flow is currently around 6:1, but in future years will increase to 25:1.

This means the ability of the Scheme to correct for any under collection becomes harder the longer the Scheme has been running.

Participant costs

The average liability per participant is approximately \$2.2 million. This ranges from \$500,000 to \$10,000,000 per participant

For participants with a brain injury and very high care needs, for example Care and Needs Scale 7 (CANS 7), the average spend in 2012/2013 was approximately \$270,000.00, ranging up to \$550,000. 16% of the participants 2012/2013 were CANS 7.

For participants with a brain injury requiring less frequent support (CANS 1-2), approximately 20% of participants had an average spend of approximately \$15,000.

There are very few participants who go 12 months with no support from the Authority. In the 2012/2013 year the reasons for not receiving support included:

- The participant and family declined all services offered
- The participant is in jail
- The participant is in full time mental health care due to pre-existing conditions.

QUESTION 2

Mr DAVID SHOEBRIDGE: The same submissions said that there was a need for transparency about the training and qualification standards for the particular services provided by the Lifetime Care and Support Authority, which again is not in your annual report.

Mr FERGUSON: Yes.

Mr DAVID SHOEBRIDGE: Can you provide the Committee with information about the standards are whether they are mandatory?

Mr FERGUSON: We could provide to the Committee information on the attendant care industry standard, which is the standard that they must be certified to. We can provide that to the Committee.

RESPONSE:

The Attendant Care Industry Standard is attached.

Please note that this document is not publicly available. It is available to members of the Attendant Care Industry Association.

We would like to correct the information we provided at the hearing that providers must be certified every two years (p 45 of transcript). Attendant care providers must be certified every three years against the standard.

QUESTION 3

Mr DAVID SHOEBRIDGE: But you would like to be able to pay for an annual pass to the pool or the gym as part of what you do, and you are a bit constrained at the moment.

Ms LULHAM: Yes, we are a bit. In fact, the annual pass to the gym, we usually can, because that is around fitness and health and maintenance, so we do pay for that in the long term. You do not need to have a rehabilitation goal to have those sorts of things. It is things like the movie tickets that we struggle with.

Mr DAVID SHOEBRIDGE: Is there any recommendation or any recent low-level changes that we can look at that might assist you in doing that, or do you want to take that on notice?

Mr FERGUSON: In general terms we agree. The issue for us is having the flexibility in order to support people to achieve their goals, but in how that would be phrased for the Committee, I would need to take that on notice.

RESPONSE:

The Authority is currently reviewing its planning and assessment processes so that the participant is more central to the process, sets their own goals and chooses the services to meet those goals.

The Motor Accidents (Lifetime Care and Support) Act 2006 specifically lists the needs that the Scheme is to address (section 5A). The Authority will try to broaden the understanding of these needs to provide greater flexibility in meeting the needs of participants.

RESPONSE TO SUPPLEMENTARY QUESTION ON NOTICE

- 1. We have heard evidence from Hunter based witnesses that those people in the LTCSA cannot transition into the NDIS, despite their wishes to do so. Can you please comment on the background to this, and what might be done to address this concern?**

RESPONSE:

The NDIS will only provide support that is most appropriately funded through NDIS. It will not provide support that is more appropriately funded by, or provided through, other service systems. For example, the NDIS may not fund school support as it is more appropriately funded through the education systems.

[National Disability Insurance Scheme (Supports for Participants) Rules 2013]

Section 104 of the *National Disability Insurance Scheme Act 2013* states that the CEO of the National Disability Insurance Agency (NDIA) may require a person, if they have an entitlement, to claim compensation for their personal injury.

It is too early to comment on what, if any, differences there are between the Schemes. As the LTCS Scheme provides treatment and rehabilitation costs and the NDIS does not, it is unlikely that any participants would receive more services through NDIS.

The LTCS has only had experience of one participant being assessed by the NDIS for the activity costs associated with recreation and leisure. The NDIA indicated that it does not pay for social and recreation activity costs, however, the cost of the support that is required to participate in such activities would be met.

In this instance, LTCS was meeting all of the participant's support costs to participate in the activity, including over 24 hours a day of attendant care, and all costs for equipment and modifications to a vehicle.