



**Other equipment schemes and providers**



### 3 Other equipment schemes and providers

In addition to PADP, there are a range of other equipment schemes and providers of equipment in operation across Australia and New Zealand. This section describes other state based schemes in Australia, the New Zealand program and other equipment purchasers and providers in NSW.

Table 12 describes the budget for each state equipment program for the year 2004 and the per capita funding. The states with the highest per capita funding were VIC and WA<sup>3</sup>.

**Table 12 Comparison between states on equipment program funding for 2004**

	NSW	SA	VIC	WA	TAS
Base program budget	\$18 million	\$2.8 million	\$18 million	\$6 million	\$300,000
Population	6.6 million	1.5 million	4.8 million	1.9 million	500,000
Per capita funding (base)	\$2.73	\$1.87	\$3.67	\$3.16	\$0.60

1 When adjusted for oxygen, the NSW per capita funding is \$3.18.

2 When adjusted for the Transport Accident Commission, the VIC per capita funding is \$4.17.

3 When adjusted for Home Modification Program, the NSW per capita funding is \$4.84, VIC is \$4.17 and WA is \$3.16.

4 When adjusted for Cochlear Implant Program, the NSW per capita funding is \$5.07 and WA is \$3.16.

#### 3.1 Other State equipment schemes in Australia and New Zealand

Across Australia and New Zealand, the two key types of schemes in operation are:

- Subsidy programs.
- Eligibility programs.

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<sup>3</sup> PricewaterhouseCoopers has not conducted independent assessments of the cost per capita of these schemes and has relied on these estimates supplied in submissions to the review.

Table 13 provides a summary of the key features of some of Australia's state equipment programs currently in operation, including PADP. More detail is provided on these programs below.

**Table 13 Summary of key Australian equipment programs**

	NSW	VIC	WA	QLD
Per capita funding	\$2.73	\$3.67	\$3.16	Unknown
Co-payment amount	\$100	Amount not specified - dependent on the maximum subsidy available	Amount not specified	Amount not specified - dependent on the maximum subsidy available
Centralised administration	No	No	No	Yes
Eligibility	<ul style="list-style-type: none"> <li>Have a disability of a permanent or indefinite nature.</li> <li>Be a permanent resident of the Area Health Service.</li> <li>Have not received compensation or damages in respect of the disability for which the aid has been prescribed.</li> <li>Have been discharged from hospital for at least one month.</li> <li>Are not eligible for the provision of equipment under a loan arrangement or on a permanent basis by a hospital or health service, and are not eligible to receive the requested appliance under any other program.</li> </ul>	<ul style="list-style-type: none"> <li>Have a permanent or long term disability and/or frail aged, and require aids on a long term basis.</li> <li>Must be a permanent resident of Victoria.</li> <li>Must hold a Medicare card.</li> </ul>	<ul style="list-style-type: none"> <li>Have a disability of a permanent or indefinite nature.</li> <li>Hold one of a number of specified concession cards.</li> <li>Are not currently a hospital patient.</li> <li>Live in the community.</li> <li>Have not received a compensation settlement.</li> </ul>	<ul style="list-style-type: none"> <li>Have a permanent and stabilised condition or disability.</li> <li>Be a permanent resident of Qld.</li> <li>Be eligible for benefits.</li> </ul>
Program type	Eligibility	Subsidy	Eligibility	Subsidy
Electronic ordering system	No	Unknown	Yes	Unknown
Government department	Health	Department of Human Services	Disability	Health
Waiting lists	Yes	Unknown	Unknown	No
Accepts CAAS clients	Yes	Yes	May not fund equipment available through other schemes	Yes
Priority assessment	Yes	Yes	No	Yes
Categories of Equipment Provided	<ul style="list-style-type: none"> <li>Mobility, Selfcare &amp; Communication</li> <li>Continence Products</li> </ul>	<ul style="list-style-type: none"> <li>Mobility, Selfcare &amp; Communication</li> <li>Continence Products</li> <li>Oxygen</li> <li>Home Modifications</li> </ul>	<ul style="list-style-type: none"> <li>Mobility, Selfcare &amp; Communication</li> <li>Continence Products</li> <li>Oxygen</li> <li>Home Modifications</li> <li>Cochlear Implants</li> </ul>	<ul style="list-style-type: none"> <li>Mobility, Selfcare &amp; Communication</li> <li>Continence Products</li> <li>Oxygen</li> </ul>
Associated Schemes with additional funding	<ul style="list-style-type: none"> <li>Home Oxygen</li> <li>Home Modifications</li> <li>Cochlear Implants</li> </ul>	<ul style="list-style-type: none"> <li>Transport Accident Commission</li> </ul>		

### 3.1.1 Subsidy programs

A subsidy program is one where benefit is given by the government to groups or individuals usually in the form of a cash payment or tax reduction. The subsidy is usually given to remove some type of burden. There are currently two subsidy programs in operation in Australia, one in Victoria and one in Queensland. More detail on both of these programs is provided below.

#### Victoria – Victorian Aids and Equipment Program (A&EP)

##### *Program description*

The Victorian A&EP is currently funded through the Disability Services program of the Department of Human Services (DHS). The aim of the program is to provide people with permanent or long term disabilities with subsidised aids, equipment and home modifications to enhance their safety and independence, reduce their reliance on carers and prevent premature admission to institutional care or high cost services. Maximum subsidies apply to all items issued under the A&EP.

A DHS Aids and Equipment Committee are responsible for reviewing the items available, including the inclusion of new items and changes to subsidy level allocations for approved items.

##### *Target population and eligibility criteria*

Aids, equipment and home modification through the program are provided for those who meet all of the following eligibility criteria:

- Must be a permanent resident of Victoria and hold a Medicare card.
- Have a permanent or long term disability and/or frail aged.
- Require aids and equipment from the aids' available list on a permanent or long-term basis.

##### *Application and prescription process*

The potential client, carer, therapist or agency makes a referral to the A&EP service provider. The service provider then establishes if the applicant fits within the target population for the program, when they do an application form is forwarded to the potential client or referring therapist for completion. It is the responsibility of the client to collect all documentation required and forward it to the A&EP service provider. A medical practitioner is required to certify the diagnosis of a permanent or long-term disability on the first application. Once applications are returned to the A&EP service provider, they must acknowledge in writing to the client the receipt of their application within 10 working days. Applications may be processed by another A&EP service provider when funds have been depleted at the applicant's nearest service provider.

It is the responsibility of the client to organise the assessment which forms part of their application. The A&EP provider confirms eligibility, reviews the appropriateness of the request, and liaises with the referring assessor where necessary.

#### *Process for the supply and maintenance of equipment*

The A&EP service provider is required to manage their waiting list and prioritise applications based on assessed needs and the urgency of applications. Following the approval of an application, in the first instance the service provider should attempt to supply the item from the re-issue list, if it is not available a new aid or equipment can be purchased. If it can not be supplied immediately, the applicant is placed on a waiting list and informed of the likely timeframe for supply.

Ownership of the item belongs to the A&EP when A&EP have contributed more than 50% towards the cost of the item. When a client contributes more than 50% towards the cost of the item they have the option of retaining ownership (and are therefore responsible for ongoing maintenance and repairs) or can transfer ownership of the item to the A&EP (who will cover the cost of ongoing repairs).

#### *Items provided by the program*

The program provides subsidised aids, equipment, home oxygen and home modifications as specified in the Victorian A&EP guidelines summary list of available aids. See Appendix C for a detailed list of aids and equipment.

### **Queensland – Medical Aids Subsidy Scheme (MASS)**

#### *Program description*

MASS provides eligible Queensland residents with permanent and stabilised conditions or disabilities, access to subsidisation for the provision of MASS endorsed aids and equipment to assist people to live at home and avoid premature or inappropriate residential care or hospitalisation. Aids and equipment are subsidised on a permanent loan basis, private ownership or through the purchase of consumables.

MASS has limits on the level of subsidy funding it will provide for categories of and specific aids and equipment. The funding is not intended to meet the total person's needs, rather assist as many people as possible.

#### *Target population and eligibility criteria*

Those who are administratively eligible for MASS must:

- be a permanent resident of Queensland
- be shown as currently eligible for benefits, through ownership of one of a number of specified concession cards

- have a permanent and stabilised condition or disability which restricts activities in the home environment
- meet the clinical guidelines applicable to each section of the MASS State-wide Prescriber Procedures Manual for the requested aids and equipment
- provide clinical justification by a prescribing health professional as to why the aids and equipment are needed
- be able to appropriately store and maintain the aids and equipment.

Specific eligibility criteria apply to specific categories of aids and equipment.

#### *Application and prescription process*

MASS operates through a prescriber model, where designated MASS prescribers for each category of aids and equipment submits an application on behalf of the applicant to MASS for consideration for subsidy funding assistance.

#### *Process for the supply and maintenance of equipment*

Aids and equipment are subsidised either on a permanent loan basis, private ownership or through the purchase of consumables. MASS re-issues reusable aids and equipment where possible, however if they are not available to be re-issued and there are funds available, MASS may arrange the purchase of new aids and equipment.

In the instance where the funds are not available immediately, the applicant may have to wait for the equipment and are advised by MASS if they are to be placed on a waiting list.

#### *Items provided by the program*

The categories of items provided by MASS include communication aids, continence aids, daily living aids, medical grade footwear, mobility aids, orthoses and oxygen. See Appendix 3 for a detailed list of aids and equipment.

### **3.1.2 Eligibility programs**

Eligibility programs are those which provide a certain level of benefits to persons or other entities who meet the eligibility requirements of the program. Two examples of eligibility programs are:

- Western Australia's Community Aids and Equipment Program (CAEP).
- New Zealand's Enable Funding and Accessible.

More detail are provided on these programs below.

## Western Australia - CAEP

### *Program description*

The CAEP funds the purchase of basic and essential aids and equipment to assist people with disabilities to manage at home. The Disability Services Commission is responsible for the overall funding and administration of the CAEP.

A number of service providers enter into performance agreements with the Disability Services Commission, where each service provider receives a budget from the central funding pool to provide services.

The CAEP Advisory Committee has the responsibility for establishing the strategic management of the program and is accountable to the Commission.

### *Target population and eligibility criteria*

In order to be eligible for CAEP individuals need to meet all of the following criteria:

- Have a disability of a permanent or indefinite nature.
- Are not currently hospital patients.
- Are holders of one of a number of specified concession cards.
- Are in a residential situation that is structured to encourage independent living and live in the community for the majority of the time.
- Are resident in a private home to be eligible for home modifications.
- Have not received a compensation settlement.

### *Application and prescription process*

The applicant obtains a referral from a doctor or therapist who confirms that the applicant is eligible for CAEP funding. The referrer then sends the applicant to a specifier for an assessment of the applicants specific equipment needs. The specifier recommends the correct item of equipment following the assessment and will contact the service provider to ensure that funding approval is imminent.

### *Process for the supply and maintenance of equipment*

Equipment which is recyclable remains the property of the service provider. If the applicant has contributed to greater than 50% of the item, if the items are consumable, or have undertaken home modifications then the applicant owns the item. However, maintenance remains responsibility of the service provider.

If the family/applicant has made a significant contribution to the initial purchase of an item, they will not be required to contribute to the replacement or updating of basic and essential features if item is still on the equipment list.

eCAEP is the equipment database used by the Disability Service Commission of Western Australia. The eCAEP system is composed of a centrally located database and a central computer program, the system is also web based. This allows authorised users to access the eCAEP system from anywhere using a PC with an internet connection and a web browser.

Additions and alterations by other users will be available immediately as the data is kept on a centrally located database.

eCAEP (and the CAEP funding program in general) deals with several entities:

- 1 business units (Service Providers)
- 2 clients
- 3 referrals
- 4 equipment
- 5 equipment Actions
- 6 invoices.

Each of these entities can be linked to each other in a variety of ways to allow flexibility with displays, processing and reports. Table 14 describes the key functions of eCAEP.

**Table 14 Key functions of eCAEP**

Function		Description
Client	Search	Find a specific client, find clients that meet certain selection criteria, or find all clients of a business unit.
	Add new	To add a new client to the system.
	Transfer	To transfer clients to another provider i.e. change the primary provider of the client.
	Status change	To record that the client has deceased or become inactive (e.g. moved to another state or whereabouts unknown or no longer eligible).
Referral	Add referral	To record a referral for a client.
	Add (specialist) referral	To record a specialist referral for a client. This allows a non-primary provider of the client to provide equipment at the same time.
	Edit referral	To edit or alter the values of a referral.
Equipment	Add equipment	To record an item of equipment is currently with or is planned to be provided to the client i.e. record the first step for new or used equipment.

Function		Description
	Action summary	To find equipment actions via their status, review and potentially update.
	Edit equipment	To edit an item of equipment that has previously been entered.
	Reissue inactive equipment	To issue an item of equipment that has been recorded as returned to you. This item would be in your storeroom of used equipment. The equipment in this state is called inactive equipment to indicate that is not currently issued to a client.
	Record equipment as inactive	To record that an item of equipment has been returned to the provider. This item would then be in a storeroom of used equipment. The equipment in this state is called inactive equipment to indicate that is not currently issued to a client.
Equipment actions	Add equipment action	To record a new action has occurred to an item of equipment (or about to occur).
	Record cost breakdown	To record the cost breakdown for an action (if different to the automatic default).
	Equipment action statuses	Equipment actions progress through various statuses or stages in time. These statuses, in time order, are: pending; requested; CAEP requested; CAEP declined; CAEP approved; declined (by manager); approved (by manager); ordered; received (from supplier); supplied (to client); invoice paid; and cancelled.
	Edit or progress an equipment action	To edit or progress an existing equipment action.
	Regional loadings	Costs are greater in regional areas so there is a factor applied to allow greater prices. The regional loading adjusts the ceiling prices upwards.
Finance	Summary	To provide details of current financial situation including funds allocated and expenditure against the CAEP account.
	Invoice	To pay an invoice that has multiple equipment actions.
	Fund allocation	To allocate funds downwards to child business units i.e. distribute funds from region or area (parent) to provider (child), to transfer funds across to another business unit (i.e. Service Level Agreement [SLA] to SLA), or redistribute or move funds between child business units.
Reports	Reports available	Types of reports available include: imprest list; list of equipment actions by client; wait list (CAEP); list of equipment by equipment status; client list; summary of costs (by age group, equipment category/type, service provider, month, client and cost centre); financial status; CAEP acquittance; and transactions report.

### *Items provided by the program*

The categories of equipment provided by CAEP are bed equipment, communication aids, cochlear implant speech processor, daily living, footwear, orthoses, personal hygiene, positioning equipment, prostheses, respiratory appliances, safety, seating, transfer aids,

walking aids, wheeled mobility devices and home modifications. See Appendix C for a detailed list of aids and equipment.

## **New Zealand - Enable Funding and Accessable**

### *Program description*

The aim of Enable Funding and Accessable is to provide the efficient management of resources and to deliver effective services to eligible clients to enable them to overcome identified barriers to participation (as a direct result of their disability), by meeting their essential needs for environmental support.

Equipment is purchased for people with disabilities when the relevant eligibility criteria are met and the correct process to obtain funding has been followed.

### *Target population and eligibility criteria*

Individuals requiring the purchase of environmental support services must meet the following criteria:

- The individual must have a disability as defined in the Ministry of Health Funding Agreement.
- The individual must reside within New Zealand.
- The individual must be a New Zealand resident or qualify under a reciprocal funding agreement.

If the individual meets the above criteria, they have an assessment undertaken by a Specialised Assessor and it is determined the equipment is essential to enable the person to mobilise in and around the home, return to (or remain in) the home, undertake full time education, undertake full time employment, undertake voluntary work, undertake vocational training, be the primary carer of dependent children or communicate the expression of core needs and feelings.

### *Application and prescription process*

In order to apply for funding, an assessment of an individual must be undertaken by a Specialised Assessor. A Specialised Assessor must hold certain areas of accreditation which refer to the types of equipment the Specialised Assessor has the skills to prescribe.

The Specialised Assessor identifies the need for an equipment solution in conjunction with the individual, following which an application is submitted based upon the needs and eligibility of the applicant.

### *Process for the supply and maintenance of equipment*

New equipment will not be purchased if reissued equipment is available. Specialised assessors are required to justify the expenditure on the recommended item. If equipment is

available from the equipment pool it is trialled with the client for appropriateness. If the equipment is not available, the Specialised Assessor is required to authorise the trial and purchase of equipment from the supplier. Any essential repairs or maintenance to equipment owned by the program, will be met by the funding bodies

#### *Items provided by the program*

Enable Funding and Accessable will purchase the following items: individualised/customised self-propelling wheelchairs, aids to communicate, individualised walking frames and sticks, individualised/customised complex seating support systems and shower commodes.

### **3.2 Other equipment purchasers and providers in NSW**

Across NSW, there are range of other purchasers and providers of equipment to individuals with a disability. These are described in more detail below.

#### *AHS Equipment Loan Pools (ELPs)*

The local ELPs provide equipment to individuals in order to meet their acute and short-term equipment needs. Some of the ELPs are specific to particular groups (e.g. palliative care clients) and ELPs also provide short term loans to PADP clients whilst waiting for the supply of their PADP equipment.

#### *CAAS*

CAAS is a Commonwealth program offering assistance to people who have permanent and ongoing incontinence as a result of a neurological condition or severe intellectual impairment. The aim of CAAS is to help eligible clients to meet the cost of continence aids. CAAS clients receive a subsidy of up to \$470 per year on continence aids.

#### *Specialist Spinal units*

The specialist Spinal Units are located at POW and RNSH. These specialist Spinal Units fund the initial set up for people with a spinal cord injury being discharged into the community. For any subsequent equipment needs of the group, clients apply for equipment through PADP.

#### *NGO's*

There are a number of NGO's that operate ELPs in order to provide equipment to their client groups in order to meet their needs.

#### *Motor Neurone Disease Association*

The Motor Neurone Disease Association maintains an independent pool of equipment that is available for use by their members and suffers of motor neurone disease. The NSW Department of Health made a significant contribution to this pool with a grant of \$320,000

in 2003-04. The Motor Neurone Disease Association will receive a further grant of \$500,000 under the “Stronger Together” Department of Ageing, Disability and Homecare initiative announced in 2005/06.

The pool is located in Gladesville and they use their own arrangements for storing, maintaining and distributing equipment throughout NSW.

#### *DADHC (Department of Ageing, Disability and Home Care)*

DADHC is responsible for the provision of aids and appliances for clients living in the accommodation services it provides. DADHC funds aids and equipment to residents of DADHC operated residential facilities through AIDAS. This program is the means through which DADHC contributes funds for personal aids and appliances for clients living in accommodation services that demonstrate a high need and will gain significant benefit from them.

#### *Greater Metropolitan Clinical Taskforce (GMCT)*

The GMCT was established as one of the 13 health priority taskforces following the restructure of the AHSs. The GMCT reports directly to NSW Health and the Minister for Health. GMCT consists of working groups of dedicated clinicians specialising in particular areas, together with consumers and managers, to guide the process of consultation, research and planning. GMCT provides funding for some equipment pools.

#### *CTP and liability insurers*

Private insurers which cover the personal injury claims of eligible claimants under public liability, compulsory third party or medical indemnity insurance are liable to cover the equipment needs of their claimants as a part of the insurance settlement.

#### *WorkCover*

Under WorkCover legislation, employers are required to provide equipment to meet the occupational health and safety needs of their clients. Responsibility for the provision of equipment that assists workers to provide care for people with disabilities is unclear where the equipment is primarily required to meet the safety needs of the worker and not the safety and functional support needs of the client or their carer.

#### *NSW Department of Education and Training*

The NSW Department of Education and Training provides equipment necessary to meet people’s educational requirements. Those aids and equipment that are required for a person’s home and community participation as well as education is usually provided by PADP.





## **Methodology**



## 4 Methodology

The activities undertaken in order to inform the recommendations for this review included:

- 1 Consultations with a range of stakeholders.
- 2 The determination of current and future budget requirements.
- 3 A survey of PADP Lodgement Centres and PADP OT Assessors.

More detail on these activities is provided below.

### 4.1 Consultations

A discussion paper was prepared to aid in a round of discussions that were undertaken during November and December 2005 (see Appendix D for a copy of the discussion paper).

These discussions were intended to provide the opportunity for consumers, their families and carers, equipment suppliers, advocacy groups and consumer organisations, NGO's and health and disability care workers to comment on the operation of, and on the policies and procedures that govern the current program.

The site visit consultations were undertaken at a number of locations across three AHSs (Greater Western, Sydney South West and North Coast AHS); two of which are rural AHSs and one is a metropolitan AHS. These locations are described in Table 15. The key stakeholders at these consultations included:

- AHS staff
- consumers
- advocacy groups/consumer organisations.

Coordination of invitees for AHS staff occurred through the AHS, and NSW Health and the AHSs coordinated the invitees for consumers and advocacy groups/consumer organisations (see Table 15 for details on numbers invited and attended). The discussion paper and three case studies were used in order to help identify the key issues for the program (see Appendix E for the case studies).

In addition to the site visits, a number of other consultations occurred (via site visit or teleconference) that involved staff from a range of AHS who held a specific role in relation to PADP, e.g. PADP coordinators, equipment pool coordinators, AHS managers, equipment suppliers etc and a number of NGO's whose clients access PADP.

All attendees at each of the consultations and those who received a copy of the discussion paper were invited to provide a written submission to PricewaterhouseCoopers for the

purpose of the review. Appendix F summarises the range of comments that were raised during the consultations and in the written submissions.

**Table 15 Summary of site visits undertaken**

AHS	Location	Rural/ metro	Focus of consultation	No. of consultations	No. of invitees	No. of attendees
Sydney South West	Liverpool	Metropolitan	AHS staff DADHC	3	AHS coordinated	31
	Bankstown	Metropolitan	Consumers Advocacy groups NGO's	1	160 consumers 65 advocacy groups/NGO's	30
North Coast	Lismore	Rural	AHS Staff	2	AHS coordinated	39 (staff, consumers and advocacy groups/NGO's)
	Lismore	Rural	Consumers Advocacy groups NGO's	1	130 consumers 40 advocacy groups/NGO's	
Greater Western	Dubbo	Rural	AHS staff	3	AHS coordinated	40 (staff, consumers and advocacy groups/NGO's)
	Dubbo	Rural	Consumers Advocacy groups NGO's	1	90 consumers 55 advocacy groups/NGO's	
Metropolitan AHSs	Parramatta	Metropolitan	Consumers Advocacy groups NGO's	1	65 advocacy groups/NGO's	39 (staff, consumers and advocacy groups/NGO's)

## 4.2 Determination of current and future budget requirements

This section sets out the methodology and assumptions used in the demand modelling exercise for PADP.

In this context, we note that reliable estimation of demand for aids and equipment based on the different eligibility criteria is not possible because of limitations on data. The demand model described below aims to project the demand for aids and appliances supplied under the PADP scheme, within the constraints of data availability.

An alternative approach would be to rank the NSW funding for disability equipment “per capita” against the funding providing in other states – this approach has been used in the results section to “sensitivity test” the results from the demand model.

### 4.2.1 Overall

The estimated dollar demand for aids supplied under the PADP scheme was determined for each age group (0-15, 16-64 and >64), disability category (e.g. respiratory, injury and sensory) and assistance category (e.g. mobility and continence). The estimated demand was determined by multiplying the estimated annual cost of supplying aids by the number of people with a severe and profound disability experiencing difficulty with particular tasks relating to that aid, and further likely to use an aid to assist with that task.

The projected demand in future years for aids supplied under the PADP scheme was based on the change in the projected number of people with a severe and profound disability (after removing those in residential aged care or 24 hour DADHC operated accommodation). These projected numbers were based on the current percentages of people with a severe and profound disability in five year age bands, multiplied by the projected changes in the total population in five year age bands, as projected by the NSW Transport and Population Data Centre.

#### 4.2.2 Cost of aids and appliances

The 2003-04 data from the PADP scheme was extracted to obtain an average annual spend on aids and appliances for each age group disability category and assistance category. The age bands were 0-14, 15-64 and >64 years of age. The base disability categories used in the model were consistent with the 15 categories supplied by NSW Health and used in the 2003-04 master data file. We used 24 categories, by using combinations of the base categories, to enable better matching to the categories of disability used in the ABS Survey of Disability, Ageing and Carers data (SDAC). The disability categories used in the model are described in Table 16.

**Table 16 Disability categories used in the demand model**

Disability categories		
• Cancer	• Injury	• Neurological – Parkinson's
• Circulatory	• Metabolic	• Other
• Congenital - intellectual	• Musc-skeletal	• Other - gastro
• Congenital - ortho	• Musc-skeletal – arthritis	• Psychiatric
• Congenital - other	• Neurological - cerebral palsy	• Renal
• Dementia	• Neurological – stroke	• Respiratory
• Incontinence	• Neurological – multiple sclerosis	• Sensory
• Infectious	• Neurological – other	• Spinal

The aids and appliances were allocated to an 'assistance' category as described in the following table (Table 17).

**Table 17 The allocation of aids and appliances to an 'assistance' category**

Aid category from PADP data	Assistance category from SDAC
Alarms & communicators	Communication
Shower and bathing aids	Showering
Supply of batteries for manual/electric w/c	Mobility
Beds & bedding	Mobility

Aid category from PADP data	Assistance category from SDAC
Chairs & seats	Mobility
Cushions for support and pressure care	Mobility
Dietetic requirements	Eating/nutritional
Domestic & personal appliances	Domestic assistance
Electric wheelchairs and scooters	Mobility
Electric wheelchair repairs	Mobility
Hoists & lifters	Mobility
Personal hygiene/grooming	Health care tasks
Continence aids (excluding pads)	Continence
Lymphodema garments	Other
Mobility & walking aids	Mobility
Home modifications & installations	Mobility
Manual wheelchairs	Mobility
Manual wheelchair repairs	Mobility
Calipers/binders/corsets/stockings	Mobility
Not in any other category	Other
Continence pads	Continence
Physiotherapy appliances	Mobility
Prostheses	Mobility
Recreational/rehab appliances	Other
Repairs to equipment/appliances	Mobility
Sheepskins	Mobility
Surgical shoes	Mobility
Speech related appliances	Communication
Tens equipment & accessories	Other
Toileting aids	Toileting

#### 4.2.3 Number of people with a severe and profound disability requiring aids and appliances

From the SDAC we extracted those people recorded as having a severe or profound disability. We then used a series of questions to determine the subset of these people who might benefit from the use of equipment to assist with activities of daily living. For each type of activity (as shown in Table 18) the respondents in the SDAC were asked whether they could complete them without difficulty, or did they have difficulty but were able to complete them unassisted, or did they require assistance completing these activities and if so did they always need this assistance or only sometimes.

**Table 18 Assistance type and category from the SDAC**

Question	Assistance type	Assistance category
1	Getting around away from place of residence	Mobility
2	Moving about place of residence	Mobility
3	Getting in or out of a bed or chair	Mobility
4	Walking 200m	Mobility
5	Walking up and down stairs without a handrail	Mobility
6	Bending and picking up an object from the floor	Mobility
7	Showering or bathing	Showering
8	Dressing	Dressing
9	Eating	Eating/nutritional
10	Going to the toilet	Toilet
11	Controlling bladder or bowel	Continence
12	Understanding a stranger	Communication
13	Understanding family or friends	Communication
14	Being understood by a stranger	Communication
15	Being understood by family and friends	Communication
16	Cognitive or emotional tasks	Cognitive

Where there was more than one question relating to a particular aid category, we generally used the maximum percentage of people requiring assistance in order to determine an appropriate assumption.

#### **4.2.4 Number of people with a severe and profound disability requiring assistance and using equipment**

We then further refined the likely group to benefit from equipment to the proportion of the severely and profoundly disabled population who require assistance and who use some type of aid or appliance already to assist them. We were able to use questions in the SDAC data relating to aids and appliance use that map to the aid type groups shown above. For example, for mobility aids respondents to the survey are specifically asked what types of mobility aids they use, and one possible response is 'Does not use a mobility aid'. We used this to further reduce the likely number of people requiring access to PADP

#### **4.2.5 Cost of Aids**

The average annual cost of aids by type was calculated for each of the age groups. This is the total cost per aid category for each disability category divided by the number of persons in each corresponding category, as determined from the PADPIS. The average costs were

calculated using 2004 data. Where there was no data available in a particular cell, the average for all disability categories was used.

#### 4.2.6 Adjustment to cost of aids for varying levels of disability

We then made a further adjustment to allow for the fact that it is likely that the average annual cost of aids for the whole population requiring them would be less than the average annual cost currently paid by PADP as it is our expectation that the people with more expensive needs would be more likely to access such a program. In order to apply differential costs to different groups within the severely and profoundly disabled population, we have split this population into a hierarchy of disability. In order to do this we used the following questions from the SDAC:

- Core activity limitation, which indicates the extent of limitation (as measured by need for support) in one of three core activities (Mobility, Self Care and Communication) – this leads to a classification of people with disability as profound, severe, moderate or mild.
- Number of core activity limitations.
- Frequency of support needs.
- Duration for which the person can be left alone.

Essentially we have chosen to employ three main levels of need for assistance, Grade A being the highest, Grade B containing the profound disability group not determined as being of Grade A support need, and Grade C containing the remainder of severe disability. We have, however, further split Grade A using the daily hours of support need required into groups we call Constant support need, Frequent support need and Regular support need. For each of these groups we have adjusted the annual cost of aids in each category as by the factors in Table 19.

**Table 19 The level of need for assistance and the adjustment factor applied to annual equipment cost**

Level of need for assistance	Adjustment factor applied to annual equipment cost
Grade A – Constant support needs	100%
Grade A – Frequent support needs	75%
Grade A – Regular support needs	50%
Grade B	25%
Grade C	0%

### 4.3 Survey of PADP Lodgement Centres and PADP OT Assessors

This survey was conducted between 20 December 2005 and 13 January 2006. The purpose of the survey was to collect information on the resources utilised in, and time spent on, activities related to the delivery of the PADP scheme. This information was used to obtain an estimate of the financial cost of the PADP scheme.

The survey questionnaires (refer to Appendices 7 and 8) were developed in consultation with PADP Coordinators and a Regional OT representative. It was important that the questionnaire be designed so that it:

- would yield the most relevant information to achieve the survey objectives
- was relevant and appropriate to staff across the state
- was straightforward and readily understood
- did not impose a significant time burden on staff beyond the time considered absolutely necessary to collect the information.

The PADP Lodgement Centre surveys were distributed to PADP Coordinators at each of the state's 26 PADP Lodgement Centres (refer to Appendix G). Each PADP Coordinator was responsible for collating responses for staff at the Lodgement Centre. The OT Assessor questionnaire was distributed to OT's in each NSW Health Area by Occupational Therapy Representatives and Advisors. Responses were received by email, facsimile and post.

The analytical methodology was based on the principles of activity based costing (ABC). ABC is a technique that enables the determination of the actual costs associated with outputs. The ability to attribute the costs to individual activities or groups of activities necessary to deliver PADP outputs enables the full financial costs of PADP outputs to be better estimated.

#### 4.3.1 Approach

##### *Lodgement Centre Survey*

PADP Coordinators at each of the Lodgement Centres across the State were requested to complete a 'resource time summary' for all staff at the centre whose duties include direct responsibility for the administration or coordination of PADP (including for local Advisory Committee members). The resource time summary involved recording the following details for each staff member and local Advisory Committee member:

- Title and career grade

- Time spent in a typical week<sup>4</sup> on the following process activities (details of the tasks associated with each of the process activities below are contained in Appendix H):
  - PADP eligibility.
  - Applicant prioritisation.
  - Prescription processing.
  - Equipment maintenance and support.
  - Other.

Information on non-salary costs associated with capital equipment, courier pick-up or delivery costs and other costs related directly to PADP administration and delivery but not paid for from the PADP budget were also collected and included in the total cost, however these costs are largely immaterial.

The resource time summary data and other cost information were entered into a data base. The data for each Lodgement Centre staff or local Advisory Committee member was annualised and valued based on the mid-point of the appropriate annual salary bandwidth for each grade/career level<sup>5</sup>. This was used to develop a PADP cost profile across the Lodgement Centres.

Of a total 26 Lodgement Centres surveyed, a total of 18 valid responses were received (a response rate of 69%). In order to estimate the costs associated with all PADP Lodgement Centres, the average cost per Lodgement Centre was calculated based on the valid responses and used to estimate the costs for Lodgement Centres not represented in the survey sample.

#### *PADP OT Assessors survey*

PADP OT Assessors across the State were also requested to complete a resource time summary for their involvement in delivering the PADP scheme. Although a range of health professionals are qualified to assess PADP applicants and prescribe PADP equipment, the survey targeted OT's only because:

- OT's are responsible for a significant proportion of PADP assessments and prescriptions (over 90%)
- OT Advisors and Representatives provided a ready distribution network and access to the population of OT's in each area

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<sup>4</sup> In recognition that some of the specified activities may not take place in each week, respondents were requested to provide an estimate of the average hours for a month.

<sup>5</sup> Career grade/level as per the public hospitals and area health services award (NSW Health Circular 2004/96).

- the broad process activities and the average time spent on these activities by an assessor will not vary considerably between professions.

The resource time summary involved recording the following details for each individual assessor:

- Title and career grade.
- Time spent in a typical week<sup>6</sup> on the following process activities (details of the tasks associated with each of the process activities below are contained in Appendix I):
  - Initial assessment (PADP activities only).
  - Re-assessment.
  - PADP equipment tasks.
  - Education and training.
  - Other.

It is important to note that only activities directly related to PADP were canvassed. The actual time spent assessing the applicant for the first time was not captured on the basis that this activity would be performed as part of the assessor's duties in the absence of the PADP scheme. However, the time spent re-assessing applicants who have spent time on the PADP waiting list is captured on the basis that the re-assessment is required as a direct result of the PADP scheme.

The resource time summary information and other associated cost information were entered into a database. The time summary data was annualised and valued based on the mid-point of the appropriate annual salary bandwidth for each grade/career level<sup>7</sup>.

A total of 62 valid responses were received. While this number is unlikely to be statistically representative it is considered to be a reasonable basis for analysis. The costs for OT Assessors not represented in the survey sample were estimated using a NSW OT population estimate of 1,866 practising NSW OT's.<sup>8</sup> This figure was reduced by 25% to attempt to exclude OT's working in the private sector, OT's in management positions in NSW and OT mental health specialists.

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<sup>6</sup> In recognition that some of the specified activities may not take place in each week, respondents were requested to provide an estimate of the average hours for a month.

<sup>7</sup> Career grade/level as per the public hospitals and area health services award (NSW Health Circular 2004/96).

<sup>8</sup> The Australian Institute of Health and Welfare 1998 Occupational Therapy Labour Force Survey National Health Labour Force Series Number 21 1998 p3).





**Determination of current and future budget requirements**



## 5 Determination of current and future budget requirements

In this section we present the results of modelling the estimated potential demand for aids and appliances by people with disabilities. While it was never the intention of the PADP program to provide full coverage of this demand, it is expected that this modelling will provide some insights into the likely pressures on the PADP budget both now and into the future.

The methodology used for this analysis is described in Section 4.2.

### 5.1 Data sources

There were three main sources of data used in our model:

- 1 PADP data supplied by NSW Health, which was used both to estimate current program usage, and also to provide a benchmark for the annual cost of aids per person which might be applied to a wider population.
- 2 ABS Survey of Disability, Ageing, and Carers (SDAC) data, which was used to estimate the population of people with various disabling conditions, various levels of disability or restriction, and various need for and usage of aids with which to mitigate these restrictions.
- 3 NSW Department of Infrastructure, Planning and Natural Resources (DIPNR), which was used to project these estimates into the future using accepted models of population projection.

Commentary on these data sources is provided below.

#### 5.1.1 PADP data supplied by NSW Health

A variety of data was supplied by NSW Health, comprising the following:

- Detailed data by AHS for the years 2002-03, 2003-04 and 2004-05 in the format of CSV files. For the majority of AHSs we received data files containing details of applications for PADP equipment, invoiced amounts for PADP equipment, and various data mappings for aid categories, scheme and pension categories and aid items. These detailed data files contained significant data in respect of other non-PADP schemes, e.g. Rehabilitation Appliances Program, Oxygen and DVA. In most cases, these non-PADP data records could be clearly identified and removed from the analysis.
- A summarised file of 2003-04 PADP data which contained various tables setting out the financial and demographic characteristics of the PADP scheme.

- Waiting list data which was of limited use since it contained minimal detail of claimants and appliances.

All of these data sources had significant problems in allowing us to build a model of the PADP program.

The AHS data files were not complete and we were advised that it was likely that the files were inconsistent and contained a number of errors as there were no specific guidelines for data entry prior to 2002, and even post 2002 the guidelines were able to be interpreted in a variety of ways by the PADP Coordinators. There were also a number of AHS who did not supply data files or supplied very limited data.

The data included in the summarised file had been 'cleaned' and was based on reasonably accurate data. However, we noted that a few of the key AHSs were not included in the data since the total amount shown as spent on appliances in 2003-04 was \$9.8 million and the corresponding budget was \$17.8 million.

Given these restrictions of the summarised data file and the inability to extract the information in the format required, we therefore decided to use the detailed data for each AHS so we could at least extract the number of people and costs by disability and appliance type. We confirmed that this approach was reasonable with NSW Health.

### 5.1.2 ABS SDAC data

We were also supplied by NSW Health with a copy of the ABS SDAC, 2003 (Cat 4330.0) from which we were able to estimate the following:

- 1 Prevalence of people with a severe and profound disability in NSW.
- 2 Percentage of people with a severe and profoundly disability experiencing difficulty with particular tasks. We used the responses to particular questions relating to the level of difficulty people with a disability found with various tasks to determine the appropriate percentages. The specific questions are detailed in Section 4.2.
- 3 Income levels - the supply of aids and appliances is means tested under the current PADP scheme. We used income data from the ABS SDAC which split numbers of people with a disability by age group, disability category and income level.

### 5.1.3 Other data – DIPNR

We were also provided with a copy of the NSW population projections from the Transport and Population Data Centre called 'NSW SLA Population Projections, 2001 to 2031, 2004 Release - Detailed Data, Version 1.2' which we were able to use to project the numbers of people with a disability requiring access to the PADP Scheme. By applying the prevalence rates of severe and profound disability, as derived above from the ABS Survey data, and applying them to the future population estimates we were able to derive estimates of the future disabled population.

## 5.2 Estimated prevalent population requiring assistance or aids

This section sets out the main results from the demand modelling exercise for the review of PADP. The demand model aims to project the demand for aids and appliances supplied under the PADP scheme.

### 5.2.1 Estimated prevalence of people with a severe and profound disability

There is limited direct evidence in the SDAC on the need for or use of aids and appliances (although there is some, which we have used below). There is more information on core activity restrictions or limitations, which may be extrapolated to the need for aids. We note, however, that the requirement within the SDAC for someone to be classified as having a “disability” requires the presence of a condition which has lasted or is likely to last for at least six-months. This requirement may compromise a direct mapping onto demand for PADP.

Nevertheless the SDAC does contain a variety of indicators in the survey from which can be estimated “severity”, or “core activity restriction”. The main ones of these indicators are:

- Core activity limitation, which indicates the extent of limitation (as measured by need for support) in one of three core activities (Mobility, Self Care and Communication) – this leads to a classification of people with disability as profound, severe, moderate or mild.
- Number of core activity limitations.
- Frequency of support needs.
- Duration for which the person can be left alone.

We used responses to these questions to split the population of profound and severe disability into a hierarchy of need for assistance. Essentially we have chosen to employ three main levels of need for assistance, Grade A being the highest, Grade B containing the profound disability group not determined as being of Grade A support need, and Grade C containing the remainder of severe disability.

Further, we have subdivided Grade A into three further tiers:

- Constant support need, or people who need 24 hour assistance or can't be left alone (this includes people who are in residential care).
- Frequent support need, or people who can be left alone, but only for a few hours.
- Regular support need, or people who can be left alone for a few hours, but need assistance at least on a daily basis.

The following table sets out the estimated number of people in NSW with these levels of need for assistance, presented by broad “disability groups”, and after removing the

estimated number of people in residential aged care and in 24 hour DADHC residential supported accommodation.

**Table 20 Total number of persons in NSW by age group (living in households) with severe and profound disability**

Age 0-14						
	Constant	Frequent	Regular	Grade B	Grade C	Total
Intellectual	1,811	1,707	240	717	3,267	7,742
Specific Learning/ADD	700	896	1,083	607	3,440	6,726
Autism	1,136	1,046	1,366	318	743	4,609
Physical	1,922	5,508	159	3,982	7,041	18,612
ABI	67	135	0	56	126	384
Neurological	7	62	74	70	528	741
Sensory	460	1,395	317	634	2,447	5,254
Speech	819	0	78	180	1,454	2,531
Psychiatric	327	579	114	360	1,537	2,918
Developmental Delay	136	127	18	80	364	724
<b>Total</b>	<b>7,385</b>	<b>11,455</b>	<b>3,450</b>	<b>7,005</b>	<b>20,945</b>	<b>50,240</b>

Age 65+						
	Constant	Frequent	Regular	Grade B	Grade C	Total
65	0	0	0	10	141	215
0	0	0	0	0	0	0
0	0	0	0	0	0	0
6,451	23,273	3,244	28,561	47,367	108,896	
33	0	0	2	10	45	
1,046	1,739	0	911	2,522	6,218	
667	295	634	2,603	4,792	8,991	
0	0	0	0	0	0	
5,110	1,749	917	2,617	2,724	13,116	
0	0	0	0	0	0	
<b>13,372</b>	<b>27,057</b>	<b>4,795</b>	<b>34,703</b>	<b>57,555</b>	<b>137,481</b>	

Age 15-64						
	Constant	Frequent	Regular	Grade B	Grade C	Total
Intellectual	66	1,141	1,559	1,181	3,954	7,901
Specific Learning/ADD	13	18	22	0	864	917
Autism	103	194	0	449	1,065	1,811
Physical	6,025	14,195	2,522	17,257	65,794	105,794
ABI	201	734	236	315	700	2,186
Neurological	500	1,960	193	663	5,434	8,750
Sensory	190	224	206	1,668	6,048	8,335
Speech	0	0	0	201	448	650
Psychiatric	2,755	3,069	590	4,514	8,763	19,691
Developmental Delay	0	0	0	0	0	0
<b>Total</b>	<b>9,854</b>	<b>21,535</b>	<b>5,328</b>	<b>26,249</b>	<b>93,069</b>	<b>156,034</b>

All ages						
	Constant	Frequent	Regular	Grade B	Grade C	Total
1,942	2,848	1,800	1,908	7,361	15,859	
713	914	1,106	607	4,304	7,643	
1,239	1,240	1,366	767	1,807	6,420	
14,398	42,976	5,925	49,800	120,203	233,302	
301	869	236	374	835	2,614	
1,553	3,761	267	1,644	8,483	15,708	
1,317	1,914	1,157	4,904	13,287	22,579	
819	0	78	381	1,903	3,181	
8,193	5,397	1,621	7,491	13,023	35,725	
136	127	18	80	364	724	
<b>30,611</b>	<b>60,046</b>	<b>13,573</b>	<b>67,956</b>	<b>171,569</b>	<b>343,755</b>	

Thus, there are about 340,000 people in NSW with a severe or profound core activity limitation and living in households. Of these about 50,000 are aged less than 15, 140,000 are aged between 15 and 65, and 150,000 are aged over 65. In terms of our hierarchy of support need, about 30,000 have a constant support need (we note that there are approximately a further 50,000 people with a constant support need in residential care and hence not eligible for PADP), 60,000 have a frequent support need and 15,000 have regular (daily) support need. The remaining 240,000 people with a severe or profound core activity limitation do not need daily assistance – of course this does **not** mean that they do not need an aid or appliance.

The great bulk of these people have a physical disability, followed by psychiatric and sensory. However, the relative proportions of these vary by age group.

It is also possible to approximately categorise these numbers (in total) by the PADP condition hierarchy, as presented below (the totals between this and the previous table are accurate to within about 3%, the error being due to rounding and definitional issues).

**Table 21 Total number of persons in NSW by age group (living in households) with severe and profound disability by PADP Condition**

<b>PADP Condition</b>	<b>Age 0-14</b>	<b>Age 15-64</b>	<b>Age 65+</b>	<b>Total</b>
Cancer	88	3,203	2,979	6,269
Circulatory	0	4,049	13,702	17,750
Congenital – intellectual	8,660	7,174	71	15,905
Congenital – other	3,953	1,603	69	5,625
Dementia	15,985	16,620	10,171	42,776
Injury	1,958	8,859	6,983	17,800
Metabolic	479	3,533	3,386	7,398
Musc-skeletal	427	44,132	15,563	60,122
Musc-skeletal – arthritis	205	18,261	28,191	46,657
Neurological - cerebral palsy	1,049	886	38	1,973
Neurological – stroke	0	2,958	10,334	13,292
Neurological - multiple sclerosis	0	1,869	325	2,194
Neurological – other	1,781	11,637	2,289	15,707
Neurological – Parkinson	0	375	2,500	2,875
Other	5,910	14,552	10,410	30,872
Other – gastro	318	1,740	1,472	3,530
Respiratory	4,449	4,946	9,560	18,956
Sensory	5,148	8,179	8,435	21,762
<b>Total</b>	<b>50,409</b>	<b>154,574</b>	<b>126,480</b>	<b>331,463</b>

### 5.2.2 Estimated need for assistance and use of aids and appliances

When one turns to areas where assistance is required there is a high level of double counting, because people with a core activity restriction often require assistance in more than one area.

The following table presents the total number of areas of restriction where assistance is always required, and allows for multiple contributions by a single person. This is consistent with the treatment of PADP items, where applicants may (and frequently do) apply for items under a variety of aid categories.

**Table 22 Number of persons always needing assistance with specified tasks (multiple responses allowed)**

Area of assistance	Age 0-14	Age 15-64	Age 65+	Total
Mobility	13200	31934	60950	106084
Showering	10505	12732	40657	63894
Eating/Nutritional	5838	6986	18733	31557
Domestic Assistance	0	89184	76405	165589
Health care	14147	48706	77856	140709
Continence	4698	5515	17941	28154
Toileting	5541	6429	19634	31603
Communication	4183	5419	8036	17639
Other	15112	92796	80714	188622
Respiratory	2669	3091	6823	12583
<b>Total</b>	<b>75893</b>	<b>302791</b>	<b>407749</b>	<b>786433</b>

Using the limited direct evidence from SDAC on the percentage of people with a disability using aids, we obtain the distribution presented in Table 23 by major category of assistance required.

**Table 23 The assumed percentage of people with a disability not using aids within age groups**

Assistance category	Age 0-14 (%)	Age 15-64 (%)	Age >65 (%)
Mobility	40	40	14
Showering	50	28	5
Eating/nutritional	41	26	4
Domestic assistance	n/a	42	7
Healthcare tasks	50	28	5
Continence	46	17	4
Toileting	48	21	3
Communication	83	87	72
Other	n/a	n/a	n/a
Respiratory	n/a	n/a	n/a
All categories (weighted average)	37	25	7

Hence one estimate of the use of aids and appliances suggests that a weighted average of about 80% of people who always need assistance in some category use an aid to facilitate that assistance. An alternative judgemental estimate has been applied, for the purposes of sensitivity, that 50% of people who always need assistance in some category use an aid to facilitate that assistance.

Applying these two assumptions leads to the following estimate of the total number of assistance categories where aids are used by people with a severe or profound core activity restriction.

**Table 24 Number of persons needing aids to assist with specified tasks (multiple responses allowed) by age group**

Area of assistance	Number of persons always needing assistance and using an aid (assuming about 80%) by age group				Number of persons always needing assistance and using an aid (assuming 50%) by age group			
	0-14	15-64	65+	Total	0-14	15-64	65+	Total
Mobility	7,930	19,183	52,711	79,824	6,600	15,967	30,475	53,042
Showering	5,214	9,106	38,510	52,830	5,252	6,366	20,328	31,947
Eating/Nutritional	3,444	5,172	17,945	26,561	2,919	3,493	9,367	15,779
Domestic Assistance	0	52,097	70,847	122,945	0	44,592	38,203	82,794
Health care	7,022	34,836	73,745	115,603	7,073	24,353	38,928	70,355
Continence	2,534	4,589	17,208	24,331	2,349	2,757	8,971	14,077
Toileting	2,877	5,091	18,986	26,954	2,771	3,214	9,817	15,802
Communication	701	722	2,269	3,692	2,092	2,709	4,018	8,819
Other	15,112	92,796	80,714	188,622	7,556	46,398	40,357	94,311
Respiratory	2,669	3,091	6,823	12,583	1,335	1,546	3,411	6,291
<b>Total</b>	<b>47,501</b>	<b>226,685</b>	<b>379,758</b>	<b>653,944</b>	<b>37,947</b>	<b>151,395</b>	<b>203,875</b>	<b>393,217</b>

Using either set of assumptions, it is apparent that a very large number of persons/areas of assistance need aids to facilitate the activity – in the range 400,000 to 650,000 in NSW.

### 5.3 Projected annual cost of aids and appliances

In this section we provide a hierarchy of results to the above analysis, based on the annual average cost of aid under the various assistance categories. At one end (the high-end) of cost we have the observed annual average cost utilised under the current PADP program – this is presented in the following table (Table 25) based on an approximation of the information provided by NSW Health and described in Section 5.1 above.

**Table 25 Annual average cost of area of assistance per-person by age group**

Area of assistance	Age 0-14	Age 15-64	Age 65+	Total
Mobility	2012	1697	921	1290
Showering	1394	615	255	514
Eating/Nutritional	1373	808	259	587
Domestic Assistance	n/a	237	214	226
Health care	85	84	48	64
Continence	724	480	482	522
Toileting	1541	840	473	735
Communication	1141	786	844	897
Other	1342	446	308	459
Respiratory	355	1848	401	747
Total	1164	503	353	489

Applying this average annual cost to the estimated number of areas of assistance from the previous section leads to a required total annual cost in the range \$200m to \$300m.

As discussed above, however, we estimate that approximately 13,000 to 15,000 people utilise the PADP program. This compares to about 340,000 people with a severe or profound core activity limitation, and an estimated 30,000 people with the need for constant support (approaching 24-hour support). It seems reasonable therefore to assume that the average annual PADP cost applies to the high-end of people with a constant support need, and is likely to be far lower for people with lower levels of activity restriction (e.g. at the more extreme low end someone with a mobility aid may simply need a walking stick which would last for years). At the other end of the argument it could be held that due to budget constraints, the PADP experience is inadequate and in fact represents an **underestimate** of the true cost needed for people with a disability.

Therefore, in the absence of further information we have made a range of assumptions regarding reasonable average cost which might apply to overall demand:

- At the high end, we assume that the current PADP average apply to all 'constant support' need people, and is then scaled down 75:50:25:0 to frequent, regular, Grade B and Grade C support level people, as described in Section 5.1.
- At the low end, we assume that the overall average when applied to everyone with a severe and profound core activity restriction is 25% of the PADP average – as we will see, this assumption leads to approximately the current PADP budget when applied to pensioners only.

These two assumptions lead to the following overall expenditure estimates (again using high and low assumptions regarding use of aids) as described in Table 26.

**Table 26 Estimated cost of total potential demand for aids (\$m) using high and low estimates by age group**

**Using high estimated average cost**

Area of assistance	Number of persons always needing assistance and using an aid (assuming about 80%) by age group				Number of persons always needing assistance and using an aid (assuming 50%) by age group			
	0-14	15-64	65+	Total	0-14	15-64	65+	Total
Mobility	5.9	8.9	23.4	38.2	4.9	7.4	13.6	25.8
Showering	2.8	1.4	4.8	9.0	2.8	1.0	2.6	6.3
Eating/Nutritional	2.0	1.1	2.3	5.4	1.7	0.8	1.2	3.7
Domestic Assistance	0.0	3.1	6.9	9.9	0.0	2.6	3.7	6.3
Health care	0.2	0.7	1.6	2.6	0.2	0.5	0.9	1.6
Continence	0.7	0.6	3.9	5.2	0.7	0.3	2.0	3.1
Toileting	1.7	1.1	5.4	8.2	1.7	0.7	2.8	5.1
Communication	0.3	0.2	1.1	1.5	0.9	0.6	1.9	3.4
Other	7.8	10.0	11.8	29.6	3.9	5.0	5.9	14.8
Respiratory	0.4	1.3	1.1	2.8	0.2	0.6	0.6	1.4
<b>Total (\$m)</b>	<b>21.7</b>	<b>28.3</b>	<b>62.4</b>	<b>112.5</b>	<b>16.9</b>	<b>19.6</b>	<b>35.1</b>	<b>71.5</b>

**Using low estimated average cost**

Area of assistance	Number always needing assistance and using an aid (assuming about 80%)				Number always needing assistance and using an aid (assuming 50%)			
	0-14	15-64	65+	Total	0-14	15-64	65+	Total
Mobility	4.0	8.1	12.1	24.3	3.3	6.8	7.0	17.1
Showering	1.8	1.4	2.5	5.7	1.8	1.0	1.3	4.1
Eating/Nutritional	1.2	1.0	1.2	3.4	1.0	0.7	0.6	2.3
Domestic Assistance	0.0	3.1	3.8	6.9	0.0	2.6	2.0	4.7
Health care	0.1	0.7	0.9	1.8	0.1	0.5	0.5	1.1
Continence	0.5	0.6	2.1	3.1	0.4	0.3	1.1	1.8
Toileting	1.1	1.1	2.2	4.4	1.1	0.7	1.2	2.9
Communication	0.2	0.1	0.5	0.8	0.6	0.5	0.8	2.0
Other	5.1	10.3	6.2	21.6	2.5	5.2	3.1	10.8
Respiratory	0.2	1.4	0.7	2.3	0.1	0.7	0.3	1.2
<b>Total (\$m)</b>	<b>14.2</b>	<b>27.9</b>	<b>32.1</b>	<b>74.3</b>	<b>11.0</b>	<b>19.0</b>	<b>18.0</b>	<b>48.1</b>

It can be seen that there would be a potential demand for the PADP program broadly in the range \$50m to \$100m (before co-payments or expenses) compared to the current budget of around \$21m, if eligibility to the program were unrestricted on the basis of income, assets or entitlement to other programs.

In order to provide support to those who need it most and to constrain expenditure to a reasonable level it is clearly necessary to introduce appropriate priority and eligibility criteria. These are discussed in the next section.

## 5.4 Impact of a range of eligibility criteria

### 5.4.1 Income test

In this section we provide a hierarchy of results to the above analysis, based on who is included in the eligibility criteria for the PADP Scheme. The levels of inclusion include:

- Firstly, pensioners only, which is defined as being anyone in receipt of a government pension.
- Secondly, anyone with an income of \$30,000 or less.
- Thirdly, anyone with an income of \$45,000 or less.

Based on income information on people with disabilities, as derived from the SDAC, adjustments in the estimated total cost when adjusted for these income levels are approximately as follows in Table 27.

**Table 27 Adjustments to estimated total cost for various income restrictions**

Income eligibility	Adjustment factor	Estimated total cost range (\$m)	Estimated cost eliminated by restriction (\$m)
No restriction	100%	50.0 – 100.0	-
Must be < \$45,000	76%	38.0 – 76.0	12.0 – 24.0
Must be < \$30,000	68%	34.0 – 68.0	16.0 – 32.0
Pensioners only	43%	21.5 – 43.0	28.0 – 57.0

Hence the required budget before expenses is highly dependent on the income eligibility criteria.

### 5.4.2 Items not covered by PADP

The second adjustment required to the unadjusted gross estimate is that in respect of aid items not covered by PADP within the current policy, and in particular those for **respiratory** aids and **health care** aids.

Considering the above table (Table 27), it can be seen that these represent approximately 5% of the total unadjusted cost as derived from the SDAC.

### 5.4.3 Co-payments

The following table uses the information available from AHS PADP returns to estimate the distribution of annual per-person costs in terms of bands of total expenditure.

**Table 28 Distribution of annual person-cost by cost band**

Aid item cost band per person	Total expenditure (%) in band	Cumulative %	Number of recipients (%) in band	Cumulative %
0-100	18%	18%	43%	43%
100-500	13%	31%	31%	74%
500-1000	9%	39%	12%	86%
1000-5000	29%	69%	11%	97%
5000-10000	15%	84%	2%	99%
10000-15000	15%	98%	1%	100%
15000-20000	2%	100%	0.1%	100%

This analysis suggests that 18% by total cost is expended by people who use less than \$100 of items per year. Moreover, these people represent some 43% of the total users of PADP. In a situation where a far larger number of users may be eligible for PADP, which may arise from the very high frequency distributions presented above, one could imagine a far higher percentage of users with very low annual usage. Such a situation would also impact adversely on the administration cost of the program.

We have suggested that an annual co-payment of \$200 be considered at the lowest level of income eligibility, with higher levels of co-payment for higher income levels. From the above table (Table 28), a \$200 co-payment would eliminate about 25% of the total cost, but we have assumed a 30% reduction to allow for the likely higher number of low cost items in an expanded system. Applied to the estimated pensioner-only annual total cost, we are left with a net cost estimate in the range **\$15m to \$30m**.

### 5.4.4 Expenses of management

Elsewhere in this report we have reported on the direct and indirect management expenses of the PADP program. The direct expenses appear to be in the range of \$2m, or about 8% to 10% of the required budget as estimated above.

### 5.4.5 Summary

The following hierarchy describes the steps one might pass in developing a range of budgets for a PADP type program in NSW.

**Table 29 Costing hierarchy**

Number of people with a severe or profound disability	About 340,000
Number of areas of assistance for which help is required	About 780,000
Number of areas of assistance where aids or appliances are used	400,000 to 650,000 (using assumptions around the use of aids and appliances)
Total annual cost of these aids and appliances	\$200m to \$300m (using full PADP per person annual cost of aids and appliances)
Total adjusted annual cost of these aids and appliances	\$50m to \$100m (using lower assumptions around the per person annual cost)
Adjusted gross annual cost	\$22m to \$43m (Pensioners only) \$34m to \$68m (Pensioners or income < \$30,000)
Deduct \$200 per person co-payment	\$15m to \$30m (Pensioners only) \$24m to \$48m (Pensioners or income < \$30,000)
Eliminate Respiratory and Health Care items	\$14m to \$28m (Pensioners only) \$23m to \$46m (Pensioners or income < \$30,000)
Add expenses of management	<b>\$16m to \$31m</b> (Pensioners only) <b>\$25m to \$48m</b> (Pensioners or income < \$30,000)

All things considered, the balance of probabilities calls for an increase in PADP funding. This is strongly supported by our process of consultation described elsewhere in this report, and anecdotal evidence on waiting lists and examples of personal hardship.

It is instructive to compare the current per capita (base funding) NSW expenditure on PADP of \$2.73 (\$3.18 when budget is increased to \$21m) with the Victorian per capita (base funding) expenditure of \$3.73. Although the Victorian number includes respiratory items and home modifications (not covered by NSW), it also doesn't cover Transport Accident Commission claimants (any major trauma from motor vehicle accident), which are likely to more than offset respiratory items.

A per capita budget of \$3.73 in NSW would lead to an annual budget of about \$25m, which is consistent with the lower end of our estimate of required expenditure on an eligibility criterion for Tier 1 of pensioners or people with annual income < \$30,000.

In considering future funding, we note also that the cost of new entrants to the PADP program will be mitigated by the imminent introduction of the Lifetime Care and Support Scheme, which will provide equipment to all major traumatic injuries in motor vehicle accidents.

## 5.5 Future projections of demand

The next ten years see a dramatic increase in the population prevalence of disability, driven by the general ageing of the population and the high prevalence of disability in older age groups.

We demonstrate the impact this increasing disability prevalence will have on the demand for PADP using a hypothetical budget of \$25m per annum, and seeing the impact over the next ten years in Table 30.

**Table 30 Estimation of the cost of future demand for aids and equipment in NSW currently supplied by PADP over the period 2006 to 2016**

Future year	Potential cost (\$m)
2006	25
2011	33
2016	41

