



Market Spotlight: Price Differentiation

1. Background

The NDIS Commission is working with the Australian Competition and Consumer Commission (ACCC), Department of Social Services (DSS) and the National Disability Insurance Agency (NDIA) to address price differentiation within the NDIS market. The NDIS Commission undertook a keyword search review of complaints data¹ to identify if there were systemic themes of price differentiation practices for services and products funded under the NDIS. To identify the range of price differentiation practices, an expanded definition of price differentiation was applied to include unethical pricing behaviour:

‘When a NDIS participant is charged a higher price than another person for substantially the same or similar product, support or service or when a NDIS participant is charged inappropriately for additional support hours or a higher price’.

2. Methodology

The NDIS Commission undertook a keyword search review of complaints made to the NDIS Commission from July 2018 to September 2023. The purpose was to use complaint data intelligence to identify price differentiation themes and practices providers delivering NDIS supports are engaging in. The analysis involved:

- Applying a keyword search approach to isolate potential price differentiation complaints. Keywords utilised: Charging, Price, Non-NDIS, Invoicing, Medicare, Tech, Fees, Gouging, Private Health, Assistive Technology, Cancellation and NDIA.
- The keyword search identified 1,556 complaints. 668 complaints were about price differentiation practices and were further analysed to identify price differentiation practices, themes and service types.
- While all price differentiation involves participants being overcharged, price differentiation complaints were broken down into subcategories to understand the different kinds practices and themes occurring. Subcategories included:
 - Overcharging practices
 - Example: Providers charging high intensity rates for all participants, applying uniformed pricing regardless of the circumstances (e.g. ridged kilometre costs, charging a higher rate for work performed by a practitioner who did not hold full qualifications) and incorrect pricing for shared supports.
 - Additional hours and extra service terms

¹ The review did not distinguish if the complaint was alleged or substantiated.

- Example: Providers charging additional hours for support services, charging hours travelled without traveling, additional cancellations terms, increased report writing time or other non-face-to-face services or fees.
- A different price for the same product or service.
 - Example: A product or service was delivered at one cost and is more expensive once a provider finds out a person receives NDIS funding.

Complaints often met more than one subcategory, where this occurred the best fit category was applied.

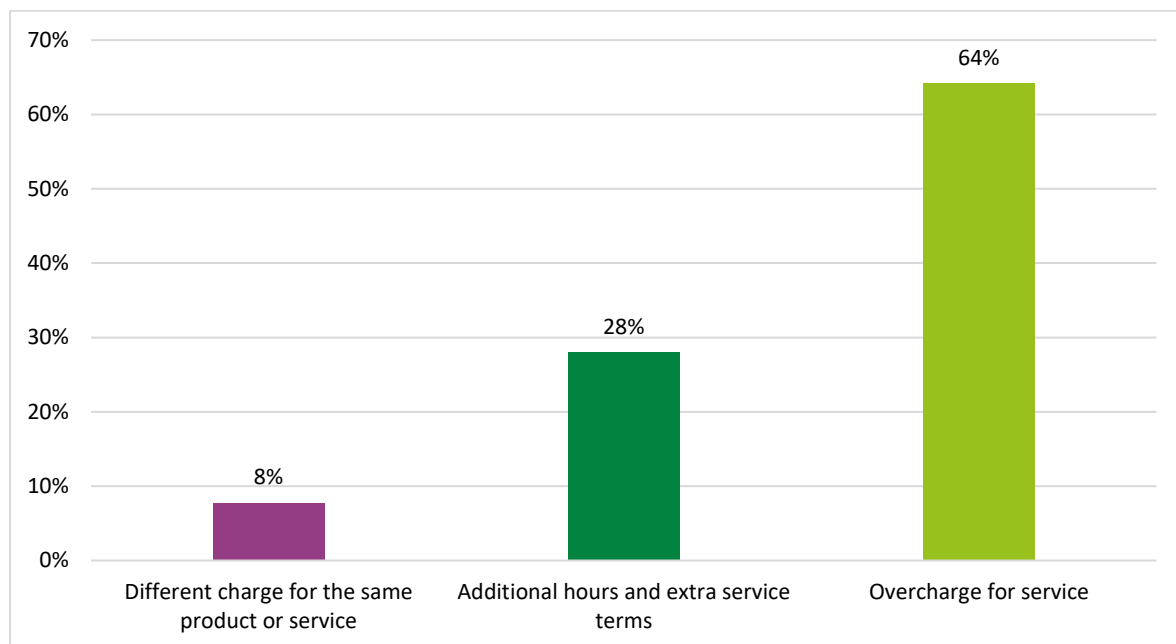
3. Key insights

The NDIS Commission's review of complaints data demonstrated NDIS participants are subject to price differentiation practices. The review explores price differentiation themes and practices and the prevalence of these practices within the sector.

Prevalence of price differentiation practices

- Overcharging for support was the most prevalent practice (64%), followed by charging additional hours and extra service terms (28%) and a different price for services or products (8%) as shown in figure 1.

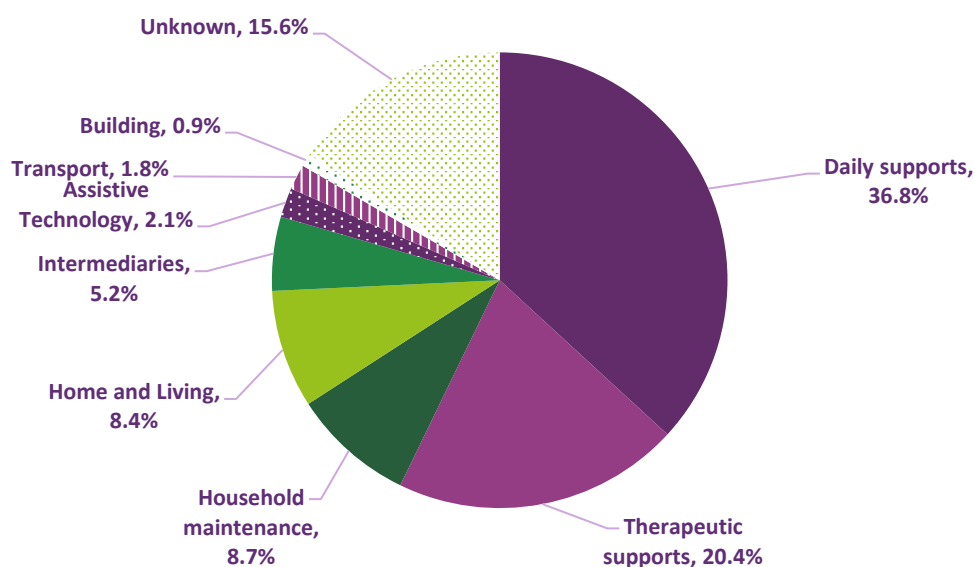
Figure 1. Prevalence of price differentiation practices (%)



Prevalence of support types associated with price differentiation practices

- Daily support was the most prevalent support type (36.8%), followed by therapeutic supports (20.4%) and unknown² (15.6%) in price differentiation complaints as shown in figure 2.

Figure 2. Price differentiation practices by support category (%)



- Overcharging for supports was most prevalent in daily support (36.8%), followed by therapeutic supports (19.1%) and home and living support (12.4%).
- Charging additional hours and extra service terms was most prevalent in daily support (44.4%), followed by therapeutic supports (20.3%) and household maintenance (16.6%).
- Different pricing for the same service or product was most prevalent in therapeutic supports (30.8%), followed by assistive technology (19.2%) and household maintenance (15.4%).

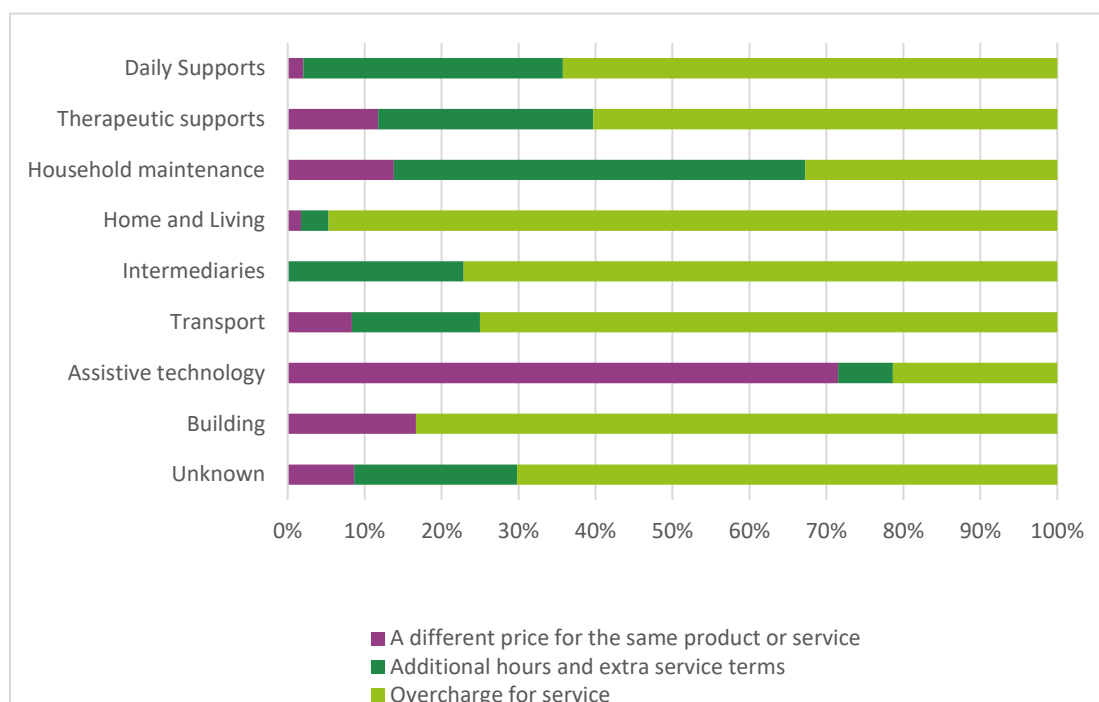
Distribution of different pricing practices within each support type

Figure 3 shows the distribution of pricing practices within each support type and highlights:

- The largest proportion of complaints relating to overcharging was for home and living supports (95%) followed by building supports (83%) and intermediaries (77%).
- The largest proportion of complaints relating to additional hours and extra service terms was for home maintenance (53%) followed by daily supports (34%) and therapeutic supports (28%).
- The largest proportion of complaints relating to different price for the same product or service was for assistive technology (67%) followed by building supports (17%) and home maintenance (14%).

² Unknown could not be confidently accurately attributed to a specific support type.

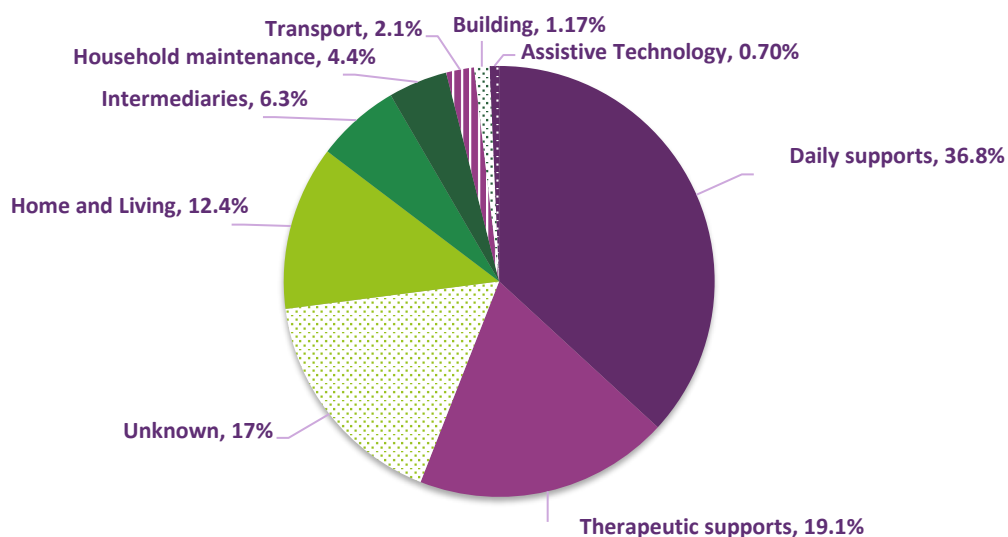
Figure 3. Distribution of different price differentiation practices within each support type



Overcharging practices

The most common practice found in the keyword search analysis was providers overcharging for services, representing 64% of price differentiation complaints. Figure 4 shows 36.8% of overcharging complaints are about daily supports, followed by therapeutic supports at 19.1%.

Figure 4. Overcharge for service by support category (%)



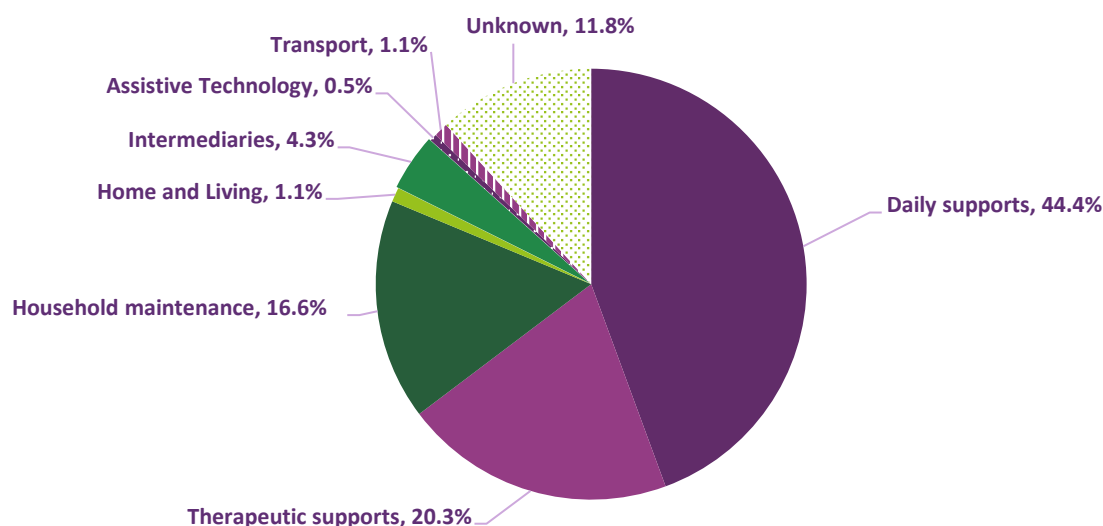
Common themes included:

- Providers delivering daily supports applying uniformed pricing regardless of the circumstances, charging high intensity rates for all participants and applying inappropriate ratios for shared support.
 - *Complaint example: “<Provider> has been charging High Intensity rates only, which are not applicable.... They are also charging 1:1 when the support is shared.”*
- Providers delivering therapeutic supports increased prices, charging flat fees rather than pricing for kilometers traveled and charging a higher rate for work performed by a practitioner who did not hold full qualifications.
 - *Complaint example: “<Provider> is charging NDIS participants the psychologist price in the NDIS Price Guide for provisional psychologists and students”*
- Providers charging multiple participants for the same service, rather than dividing the cost amongst participants who were sharing the service. This occurred most frequently for providers delivering shared support and transport.
 - *Complaint example: “<Provider> is charging Activity Based Transport for each person [as they are all traveling individually] rather than splitting costs”*

Additional hours and extra service terms

The second most common practice found was providers charging for additional hours and extra services terms, representing 28% of price differentiation complaints. Figure 5 shows 44.4% of additional hours and extra services terms complaints are about daily supports, followed by therapeutic supports 20.3% and household maintenance 16.6%.

Figure 5. Additional hours and extra service terms by service type (%)



Common themes included:

- Providers charging extra hours for support services, report writing or other non-face-to-face services.
 - *Complaint example: “I had a one hour appointment with <provider> to recommend an assistive technology. I was then given a one page report with general information*

that cost \$1500. It was only one page of general information report and a one hour appointment, I didn't know it would cost so much"

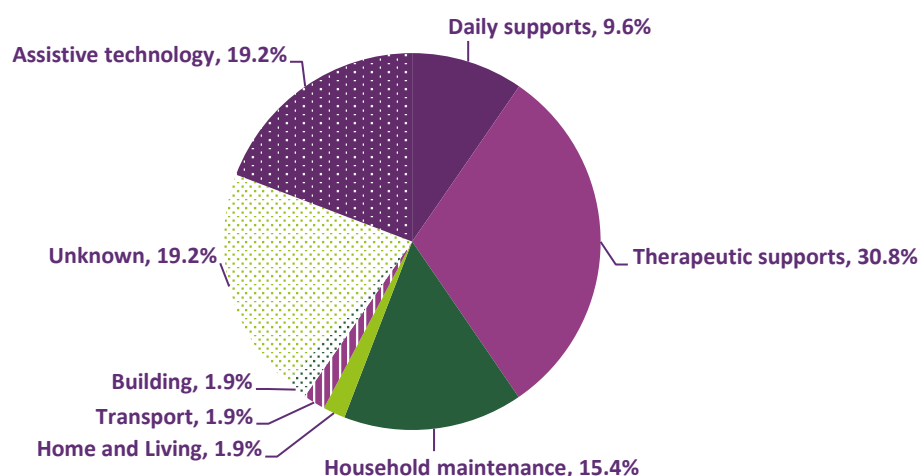
- Providers charging for support hours even when the support was not delivered for the full period of time.
 - *Complaint example: "Agreement with the provider for 3 hours of support per week. <Provider> charges for 3 hours, however they are only here for 90 minutes..."*
- Providers charging additional time for travel, this occurred most commonly in daily supports, household maintenance and therapeutic supports.
 - *Complaint example: "<Provider> has started charging for travel fee for telehealth appointments. Each telehealth appointment travel fee is \$90."*
- Providers charging cancellation fees when services were ceased and charging hours of support when the provider could not deliver the support.
 - *Complaint example: "<Provider> is charging for services (when they) initiate(d) a cancellation because they had no worker at the time."*

Different price for the same service and product

Providers pricing the same services and products differently for NDIS participants represented 8% of complaints. Complaints identified providers increased their fees once they became aware the person was a NDIS participant.

Figure 6 shows therapeutic supports (30.8%), assistive technology (19.2%) and household maintenance (15.4%) are most represented in different pricing for the same service or product.

Figure 6. Different charge for the same service or product by support category (%)



Common practices of applying a different pricing for the same service or product included:

- Providers having different fee schedules for NDIS and non-NDIS participants for the same service offering.
 - *Complaint example: "<Provider> has a two-tier payment system ---- the website says, "all NDIS participants click here" and when one does so, the fees are higher than for non-NDIS participants."*

- Providers charging different prices for self-managed participants compared to plan or agency managed participants.
 - *Complaint example: “<Provider> is charging \$260.00 for an appointment to all Self-Managed NDIS participant and charging \$214.41 to all Plan Managed participants.”*
- Providers charging NDIS participants a different price for the product compared to non-NDIS participants.
 - *Complaint example: “<Provider> charged \$690 for a \$130 pair of shoes.”*

4. Observations and themes

Complaints data highlighted systemic price differentiation themes which include:

- A high prevalence of price differentiation complaints for direct supports.
- Participants were not always aware of how their supports were being priced and were more susceptible to price changes once they were engaged in a service.
- Participants who require ongoing support from the same provider felt more vulnerable to price differentiation practices because negotiation might place their support at risk of ceasing (e.g. provides threatening to withdraw support if the increased price was not met).

The review demonstrated there are two potential drivers that contribute to price differentiation practices:

1. **The NDIS Pricing Arrangements and Price Limits Guidance:** The review highlighted some providers are applying the maximum price without nuance for fixed priced items and above cost for non-fixed priced items. Some providers are not taking into account the guidance of what can and cannot be claimed and some providers are not delivering services based on participants needs. Examples include:
 - a. Providers charging maximum travel times available, rather than applying the Pricing Arrangements and Price Limits guidance, accounting for the time taken or dividing the travel time between participants receiving support in the same or similar locations.
 - b. Providers charging the maximum rate available, such as high intensity, incorrect ratios or active support rather than inactive support rates, irrespective of the needs and circumstances of participants.
 - c. Providers charging the maximum rates for short-term accommodation regardless of the cost of providing the services or the supports offered during the participants stay.
 - d. Providers charging increased rates for non fixed prices beyond what they charge to the public.
2. **Provider practices impacting individualised supports:** Complaints demonstrated some participants are prevented from negotiating terms of services, service agreements and pricing arrangements, and can be dismissed when raising concerns with providers about overcharging and other price differentiation practices.

The findings from the keyword search correlate with the October 2023 Quality and Consumer Information consultation which revealed 69.6% of survey respondents reported experiences of providers charging a different price for services when compared to non-NDIS participants.

5. Limitations

The keyword search approach was used to identify the kinds of price difference practices reported through complaints data. While the keyword search provides an indication of the types of price differentiation practices being reported, it does not provide a comprehensive understanding of prevalence and themes of price differentiation due to:

- 1. Utilising a keyword search to identify complaints:** Complaints were only identified if a keyword term was used in the main field of a complaint. If a complaint did not use a keyword, had spelling errors, used acronyms or abbreviations or held information in other fields, the complaint wasn't identified by the keyword filter. It is likely there are more price differentiation complaints not included in the data set which could alter the findings of the price differentiation report.
- 2. Participants not reporting price differentiation:** Complaints are one mechanism that can identify price differentiation intelligence; however participants may utilise other reporting mechanisms in response to price differentiation practices.

The NDIS Commission is preparing for an ICT uplift to enhance the way data is classified, enabling the Commission to strengthen identification and reporting on systemic themes and emerging risks in the NDIS Market.

6. Conclusion

The NDIS Commission's review of complaints data demonstrates NDIS participants are subject to adverse price differentiation practices. The data indicates the most common practices are providers overcharging and charging additional hours and extra service terms to NDIS participants.

All NDIS providers that deliver a support or service to a participant of the NDIS are responsible for acting in accordance with Australian Consumer Law. In addition, the NDIS Commission expects all registered and unregistered providers to act with honesty, integrity, and transparency. This includes how providers price their products and services, the terms and conditions they apply and the pricing practices they implement.

The NDIS Commission has updated *The NDIS Code of Conduct*, *The NDIS Code of Conduct Guidance for providers* and *The NDIS Code of Conduct Guidance for workers* to strengthen advice that providers and workers should avoid engaging in, participating in or promoting unjustifiable pricing practices.

The amendments are one of several measures to prevent participants from incurring these price practices for goods and services. The NDIS Commission continues to work with other Commonwealth agencies, participants, providers and the sector to monitor these practices to ensure providers meet their obligations to act with honesty, transparency and integrity.

How to make a complaint about a provider

If you have a concern about your current NDIS supports or service, it is important that you talk about it. Making a complaint can help providers understand what is important to people with disability and improve the quality of services they provide.

A complaint can be made to the NDIS Commission by:

- Phoning: 1800 035 544 (free call from landlines) or TTY 133 677. Interpreters can be arranged.
- Send an email to: contactcentre@ndiscommission.gov.au
- [National Relay Service](#) and ask for 1800 035 544
- Completing a [complaint contact form](#)

The NDIS Commission can take complaints from anyone about:

- NDIS providers setting an unjustifiable higher price for NDIS services or supports.
- NDIS services or supports that were not provided in a safe and respectful way.
- NDIS services and supports that were not delivered to an appropriate standard.
- How an NDIS provider has managed a complaint about services or supports provided to an NDIS participant.

If a provider sets a higher price for NDIS participants and cannot justify the price difference, they may be in breach of the [Code of Conduct](#) and could face penalties. The Code of Conduct now includes [rules about price differentiation](#).

As well as dealing with complaints, the NDIS Commission works to educate providers about delivering quality and safe supports, and effectively responding to complaints. If a complaint raises a serious compliance issue, the NDIS Commission has powers to take action.