

26 June 2015

More effective social services inquiry
New Zealand Productivity Commission
info@productivity.govt.nz

Attn: Geoff Lewis, Inquiry Director

Dear Mr Lewis

ACC submission on 'More effective social services' draft report

Thank you for the opportunity to comment on your draft report 'More effective social services'. Our submission clarifies information about ACC, and comments on some particular issues where ACC's experience may provide insights for your inquiry.

We are happy to provide further information or discuss any issues or initiatives of interest to the Commission.

Yours sincerely

John White

Policy Manager

ACC submission on the New Zealand Productivity Commission's draft report 'More effective social services'

1 Introduction

- 1.1 This submission comments on some parts of the New Zealand Productivity Commission's draft report that refer to the ACC Scheme, and on particular issues where ACC may be able to provide insights based on its role in the social services sector.
- 1.2 ACC is very willing to provide further comment on these issues, or any other matters you wish to discuss.

2 ACC services to support injured people in their homes

ACC can provide a range of services

- 2.1 The draft report's case study of home-based support for older people refers to ACC home and community support services (HCSS), such as home help and attendant care.¹
- 2.2 However, ACC support for injured people in the home is not limited to HCSS. Depending on a client's needs and circumstances, ACC may fund other rehabilitation services, such as aids and appliances and housing modifications. ACC can also fund injury prevention assistance, for example to prevent people injured by falls from experiencing further falls when they return home.

Home and community support services can be delivered by non-contracted providers

- 2.3 The draft report states that ACC contracts six suppliers to provide HCSS. The report also states that ACC 'allows some client choice, albeit between a small number of suppliers'.²
- 2.4 These statements relate to the use of contracted providers to deliver services. However, a client entitled to HCSS can choose whether their support is delivered through contracted care, non-contracted care, or a mix of both.

¹ 'More effective social services: draft report', Appendix E, p 7.

² 'More effective social services: draft report', Appendix E, pp 7, 9.

- 2.5 Under contracted care, an ACC-contracted provider delivers the care. Contracted care is funded at higher rates than non-contracted care, to reflect the additional costs of overheads, such as staff training and monitoring, above the carer's hourly rate.
- 2.6 Under non-contracted care, ACC provides funding to clients to purchase their care needs. The rates for non-contracted care are set to allow clients to pay their carers an hourly rate and contribute toward other employment obligations, such as holiday and sick leave.
- 2.7 A large majority of clients choose to receive HCSS from contracted providers. Also, over recent years, the proportion of clients who choose contracted care has increased steadily.

3 Bulk buying and social insurance models

- 3.1 The draft report advises that a social insurance approach merits further consideration for services that are currently delivered through other arrangements.³
- 3.2 ACC suggests that any further consideration should have regard to the implications for service procurement. ACC notes the advice in its previous submission, on the Commission's issues paper, that bulk buying has a lower administrative burden than fee-for-service models. Bulk buying also gives greater certainty of funding, which can support planning and innovation. However, bulk buying is challenging to incorporate within a social insurance model, where costs are attributed to individual claims, and services are provided as individual entitlements.

4 Purchasing power and devolved service models

- 4.1 The draft report discusses advantages of devolved approaches to commissioning services, and acknowledges that challenging issues must be worked through to determine how to fund devolved organisations.⁴
- 4.2 ACC notes that one challenge for devolved service models could be reduced purchasing power. Where ACC has significant purchasing power in a sector, it has been better placed to work with providers on sector-wide improvements. Where ACC funding is a smaller proportion of providers' revenue, it can be much more challenging to work with providers on changes to services. Devolved service models with a range of funders could reduce individual funders' purchasing power and ability to influence the supplier market.

³ 'More effective social services: draft report', p 11.

⁴ 'More effective social services: draft report', p 14.

5 Contracting practice

- 5.1 The draft report proposes requirements to improve contracting practice. These include that agencies should ‘explore the potential for contracting for outcomes, but only apply it under favourable circumstances’.⁵
- 5.2 ACC agrees that a careful and considered approach is necessary when contemplating contracting for outcomes. Contracting for outcomes requires a thorough understanding of the market and is not well proven in the health sector. A prudent approach is appropriate, to ensure that this purchasing method does not have negative impacts on service delivery.

6 Suggested technical changes to the draft report

Page number	Quote	Suggested change
11	For example, the ACC invests in a falls prevention programme to reduce the number of injuries and claims due to falls.	<i>‘For example, ACC invests in falls prevention programmes ...’</i>
100	... investing in preventative actions (such as ACC’s falls-prevention programme) to reduce the number of future claims	<i>‘... falls prevention programmes’</i>
198	ACC adopted a new approach in 2014, covering six areas: falls, work, road, treatment injury, sport, and sexual and family violence.... ACC piloted a “Mates and Dates” awareness programme in eight secondary schools in 2014.	<i>‘... sport and community, and sexual and family violence....’</i> <i>‘... a “Mates and Dates” healthy relationships programme in eight secondary schools’</i>
199	ACC pays for accident victims with suspected spinal injuries to be helicoptered directly to one of two specialist spinal injury treatment units in the country, as early expert treatment can lead to substantially better medical outcomes. [This] was contrasted with the previous arrangements, where such patients might have spent a week or two at a non-specialist hospital before being transferred to a specialist unit.	This is not solely an ACC initiative – it is part of the cross-government Spinal Cord Impairment Action Plan. ACC, the Ministry of Health, the National Ambulance Sector Office and District Health Boards have agreed that anyone with suspected spinal cord impairment (injury or health related) will be transported as soon as practicable to one of New Zealand’s two specialist spinal cord units. You may wish to consider the way you use or describe this example, given that it is not an ACC-only initiative.

⁵ ‘More effective social services: draft report’, p 244.

Page number	Quote	Suggested change
260	‘However, the ACC noted that the Commerce Act 1986 prohibits contracts, arrangements, or understandings that substantially lessens competition, and discourages joint purchases (and therefore the integration of some services).	‘ <i>However, ACC noted that the Commerce Act 1986 prohibits contracts, arrangements, or understandings that substantially lessen competition, and can discourage joint purchases’</i>
Appendix E, 13	What ACC procures Personal support for around 15 000 clients a year, following accidents (cost of approximately \$180 million a year)	Home-based support for older people is the subject of this appendix, but the ACC information relates to clients of all ages. This could be made more explicit in the report.