

Submission to
Minister for Human Services

The Future of the Job Capacity Assessment Programme

February 2008

Introduction & Background

This paper is in response to a request for submissions by The Hon Joe Ludwig, Minister for Human Services about the future of the Job Capacity Assessment Programme.

MAXNetWork, trading as MAX Employment, is a provider of Job Network, PSP, DEN (uncapped) and JPET services from 37 offices spread across every state except South Australia.

We also operate a related Health Services and Training company, Maximus Solutions Australia which provide complimentary services, including a contract with Department of Human Services to deliver Job Capacity Assessments at 29 locations nationally in 14 ESAs.

Maximus Solutions Australia only employ degree qualified health professionals: psychologists (77%); occupational therapists (10%); exercise physiologists (7%), physiotherapists (3%) and rehabilitation consultants (3%).

Our Health and Training services are heavily focussed on the belief that long term unemployed and disadvantaged job seekers require some level of professional intervention to successfully gain and maintain employment. These have been features of our services which we privately funded since the inception of Job Network and since 2003 have been largely funded through Job seeker Account.

Our Health services also provide externally funded return to work programs such as Traffic Accident Commission (TAC). We also provide expert advice in medico legal settings for return to work clients.

We regard much of our success in gaining employment for long term unemployed people to be as a result of the interventions, often in combination, we have been able to provide.

MAXNetWork Pty Ltd is a wholly owned subsidiary of MAXIMUS Inc (USA) and has been operating in the employment services market since the creation of Job Network in 1998. We have established a strong performance base and have expanded both our geographical spread and range of services over the past few years.

As a subsidiary of a New York Stock Exchange listed public company we operate as a commercial entity with a clear goal of delivering what our customer, DEEWR, is paying for. This paper does not come from a philosophical base or with any agenda other than wanting to deliver the best results against the objectives our customer determines. We have over 500 committed staff who operate with an underlying desire to make a difference in the lives of the people we assist but equally with an understanding that we are paid to deliver what government determines should be delivered.

Thank you for the opportunity to have input to the future direction of the Job Capacity Assessment Programme. We have provided brief comments below on a number of proposed changes and would be happy to provide further information on these proposals if required. We have also made a submission to the Hon Brendan O'Connor who has called for proposals on the future directions of employment services.

Michael Hobday
Managing Director
MAXNetWork Pty Ltd
February 2008

Summary of Proposals for future Job Capacity Assessment Programme

Maximus Solutions Australia (MSA) believes that the JCA process generally operates well, however it could be refined in several ways that would not only deliver a better service to clients, Centrelink and Employment Service providers, but also ensure the ongoing sustainability of JCAs through reduced administration and complexity.

The first set of proposals addresses the overall business value case for where policy over the course of this contract has lead JCAs.

The second addresses operational proposals that would enhance the current model.

The third section raises issues that should be considered in development of the tender and contract for 2009.

1. The Business Value Case for JCAs

MSA business share for JCAs is approximately 100 JCAs per week nationally. JCAs are funded at \$263 or \$353 for DSP claims or reviews. MSA is funded \$7 for completing a JSCI where it is required. MSA are not funded for clients who do not attend their JCA appointment. In addition to the costs of professional health staff delivering the service there are a number of hidden costs that need to be considered. Property and rental costs, information technology fees, administrative and finance staff, translator fees, courier fees and recently the case management of JCAc are among some of the hidden costs in the delivery of the JCA contract.

MSA currently rent rooms in most sites from our Job Network branches. In some locations, we privately rent rooms to service our clients. In all instances when a JCA is conducted by MSA there is a rental charge despite whether the client attends. In some locations roaming internet costs for EA3000 are also added to this expense.

We currently purchase translator services which cost MSA approximately \$30,000 per year to fund. The costs of face to face translator services in some regions can escalate up to \$150 per hour. Translators charge fees to

MSA when clients do not attend and also charge additional to their hourly rate if the JCA takes more than one hour. Currently DHS funds \$80 per JCA for translating costs. However, in many cases this does not cover the costs of translating services. It may be beneficial to consider national purchasing arrangements with a translator service so these costs can be reduced in the future.

MSA currently employs three full time equivalent administrative and finance staff to open sessions in EA3000, make reminder calls or SMS, reschedule appointments where required, claim financial information from EA3000, receive JCAc referrals, internally create an invoice for JCAc, claim JCAc from EA3000, and track any outstanding adhoc payments. It is estimated that this costs MSA approximately \$120,000 per year based on the average administrative salary.

MSA currently purchase couriers to pick up and deliver medical information to assessors. In some instances MSA have funded couriers up to \$298 in non metro areas (Frankston to Mornington in Victoria) to deliver overnight medical documents. The courier fees are charged to MSA when they visit Centrelink offices and medical documents are not available. There have been instances in the Peninsula ESA where couriers have visited Centrelink on two occasions unsuccessfully finding the medical documents. This is a cost to MSA which becomes excessive. The average costs of couriers for MSA in one month are \$1,800 or approximately \$22,000 per year. No money is recouped from DHS for courier costs. This is a hidden cost that private organisations are billed unlike Centrelink who has access to these documents at a local level.

The recent DHS Guideline changes suggest a case management approach to JCAc referrals. That is, JCA assessors are required to follow up clients they refer to JCAc and coordinate the services between the JCAc provider, Job Network Member and the client. MSA estimates that our current procedures for delivering this service are costing:

- Initial engagement of the client into the JCAc service - Contact client to engage in the process, contact Job Network member and JCAc provider. Estimated 30 minutes.
- Administrative coordination of the service - Enter financial information, reminder calls for the appointment and case notes for all parties. Estimated 15 minutes.
- Ongoing engagement of the client in all PAGES services - Repeat the above two steps in this process fortnightly (minimum 3 times) throughout the course of JCAc. Estimated ongoing time 1.5 hours.

- Exit and Payment - Receive the invoice from the JCAc provider and link with initial referral details and exit report. Send invoice to finance team to process payment from MSA. Claim fees back in EA3000 for invoice paid to external provider. Estimated 10 minutes
- Total estimate of time 2 hours and 25 minutes.

Whilst MSA recognises the importance of ongoing follow up of JCAc to support job seekers in the engagement or re-engagement and the preparation for PAGES programs, the administrative costs create challenges in the value case for delivering JCA services. An appropriate funding for these important services needs to be considered. Alternatively, this coordination role may be more suited under the responsibility of the Job Network member.

Whilst DHS alludes to JCA assessors financially gaining from delivering 50% of JCAc services internally, the costs of follow up and the session prices which are on average below the recommended rate again pose questions in the value case. The current hourly rate for services set by the Australian Psychological Society is \$192 per hour and does not consider the coordination of two other parties – such as the Job Network member and JCA assessor.

It is not surprising that given all of these hidden costs, that the quality of reports is questioned by some PAGES providers. MSA also question the quality of service for the client given these costs. A more flexible pricing arrangement which considers complex clients needs is required. It is recommended that three to four hours be considered more appropriate for addressing some of the issues that long term job seekers present with.

MSA encourages The Minister to consider these hidden costs and savings that could be made in the pricing of future proposals for Job Capacity Services.

2. Operational Issues

2.1 The JCA Assessment Process & Referrals

The JCA process is driven by DEEWR and DHS policy. These policies and EA3000 reporting process often automate the decision making process for referral to PAGES programs. As a result in some cases the client's individual circumstances cannot be considered in this process. MSA has concerns that

referrals made by JCAs do not always fit the programme of assistance. This is for a number of reasons.

Firstly, the assessed work capacity under current policy does not always fit the programme of assistance. The most common examples of this come from cases where job seekers present to a JCA with an undiagnosed, very obvious mental health condition but no insight into their presentation. Medical evidence is often not available in these cases as a client without insight is unlikely to visit a doctor. The JCA assessor can consider a referral to a specialist assessment to gain further medical evidence however the job seeker often does not see the need for this referral. Therefore, the programme referral can only be Job Network. The nature of low unemployment means that these clients are more frequently presenting to JCAs. A strategy needs to be introduced for flexibility around professional decision making and managing this client group so to reduce inappropriate referrals to programmes.

Secondly, the process for referring to programmes outside of Job Network is complex and confusing for assessors. The current DHS Guidelines have four separate sections where we are required to review before referring to DEN. Furthermore, if there are no places in the DEN, VRS or PSP service the job seeker is defaulted back to Job Network. This limits the capacity of Departments to accurately assess the level of demand for PAGES programmes and consequently results in a referral to Job Network.

There are also timeliness issues around the completion of JCAs. Currently MSA is expected to complete the interview, gather any medical evidence, talk to any treating specialists where appropriate, and complete the report within 10 days of the referral. This means MSA only opens sessions within 5 days notice to ensure enough time to complete the report. In some cases the quality of reports has been compromised by the need for quick output of information.

MSA encourages The Minister to consider a timeliness measure on JCAs on completion of the report rather than the time of referral to improve quality and availability of session for job seekers.

2.2 The Job Seeker Classification Index (JSCI)

MSA recognises a breakdown in some cases between the JCA and the Job Seeker Classification Index. That is, not all JCA reports transpire into evidence for the JSCI. Whether this is an IT system issue or a breakdown in policy between DEEWR and DHS it is unknown. However, the pricing for

completing the JSCI of \$7 does not cover the manual updating of the JSCI which is important for some 50% of referrals that are job seeker JSCI referred to JCAs.

2.3 Rural and remote servicing

MSA has a small business share in rural sites such as Roma, Dalby, and Charleville in Queensland. The coordination of services in these areas has been addressed with DHS on a number of occasions. Although DHS hear these concerns no resolution has been found regarding the servicing of these rural sites. MSA currently requires assessors to commute to these areas by either aeroplane or car. To increase the likelihood of MSA filling appointments in these regions we open sessions up to two weeks in advance knowing that this will affect our timeliness KPI of 10 days. The last two trips planned for Charleville have resulted in cancellations due to the assessor not being filled with appointments and the cost outweighing the trip.

A more flexible approach to timeliness and sharing of business in these areas is important to ensure job seekers can gain appointments when they require them. Consideration may also be required for travel costs to rural locations.

2.4 Specialist Assessments

MSA recognises the importance of specialist assessments in the JCA process for job seekers who require more medical evidence. DHS have set expectations on the number of specialist assessments requested by each JCA provider. However, these expectations do not take into consideration local ESA issues where in some cases more specialist assessments might be required. E.g. There is a lack of local community services to gather evidence.

In addition, the specialist assessments do require follow up and extra administration for the JCA provider without any additional funding.

2.5 Job Capacity Account

Currently JCAs have access to the Job Capacity Account to purchase short term assistance for clients to help them make the transition to an employment service. This might include counselling or cognitive behavioural intervention sessions. Since the inception of the JCA contracts, the JCAc expectations and requirements from DHS have continually expanded. The more recent changes including the “case management” from JCA providers for clients referred to this service.

As noted previously the costs of delivering this type of service is considerable. MSA would argue that this referral or assistance would be better provided by the Employment Service Provider, rather than the JCA.

For example, if the account monies were to be moved into the Job Seeker Account (managed by the Job Network (JN) when the client was referred by the JCA to the provider with a recommendation that they are provided with some initial assistance the JN can ensure the assistance forms part of the overall strategy to get the job seeker into employment. This would also remove costs associated with administering multiple accounts across both JCA, JN and the other employment services.

The outcome measures DHS have created for JCAc on JCA providers are unclear. What clearly defines an outcome in JCAc is still being investigated. There was some indication that employment placements from JCAc would be tracked as an outcome measure. The JCAc is a useful short term intervention programme which can enhance the capacity of the job seeker to participate and improve the time to achieve employment outcomes. However, placement into employment is the responsibility of the Job Network member. Other types of quality measure may need to be considered in JCAc.

2.6 Relationship with Job Network and other employment services

Generally the relationship between JCAs and employment service providers are very positive. Frustration only occurs when clients are referred to the employment service providers that are unsuitable or unable to work. As mentioned previously in the cases where mental health issues are a concern Job Network members often report frustration around the appropriate management of these job seekers. Furthermore, lack of places in PAGES programmes also leads to many job seekers being referred to the Job Network that really need more specialist assistance if they are to make the transition to work.

2.7 Qualifications of assessors

It is important to note that the role of the JCA is not to diagnose a person's medical condition, rather to use their specialist knowledge to review medical information presented to assess the functional impairment and work capacity in accordance with DHS and DEEWR policies.

At times the complexity of policy guidelines offer little flexibility or room for professional judgement.

MSA is aware that the qualifications of assessors is often criticised. However, MSA only recruits degree qualified assessors within our health business. Despite the current contract stipulating that allied health professionals are only required when undertaking DSP assessment, MSA employ only degree qualified health professionals: psychologists (77%); occupational therapists (10%); exercise physiologists (7%), physiotherapists (3%) and rehabilitation consultants (3%). The lack of clarity in the requirements of allied health professionals in current guidelines could lead to a diverse range of people undertaking JCAs where the impairment tables are not required.

MSA employs a range of professionals with a mental health background and a physical background which provides variability in their expertise to conduct JCAs. However, the time and policy constraints on the assessments restrict the quality of the report produced. Allied Health Specialists often report reduced capacity to make professional decisions frustrating. This in turn, leads to a lack of satisfaction in the role of the assessor as most Health professionals are keen to provide quality care.

As previously stated MSA provides a range of client services in addition to JCAs. The administrative burdens associated with JCAs reduce the interest of client focused allied health practitioners. For MSA allied health professionals to conduct a JCA they are required to spend from 40 to 50 minutes (depending on the speed of EA3000) flicking through JCA Guidelines and writing a report. Whilst in our other areas of our business administrative time is 20 to 30 minutes where more time is spent with the client. The overly cumbersome administrative requirements reduce the ability of the assessor to build rapport and gain reliable information from the client, which subsequently reduces the quality of the JCA.

2.8 The appropriateness of arrangements to ensure early engagement and attendance at JCAs

MSA considers non attendance as an issue in JCAs. Not only does it then require the job seeker to reschedule into another later appointment which compromises timeliness, it also means that JCA assessors are left without payment for their time. Normal industry standards and pricing require 24 hours notice to cancel appointments without full penalty, and 50% payment of fees if the service is cancelled with 48 hours notice (The Australian Psychologist Society Recommended Set of Fees). Furthermore, the management of clients who do not attend (DNAs) and reminder calls requires administrative support and costs. MSA encourages the consideration of industry pricing standards in cancelled or rescheduled JCAs.

2.9 Availability of office space within Centrelink offices

Given the issues faced with engagement and attendance by private providers, consideration may need to be given to JCA services being provided from Centrelink offices where the job seeker can be seen readily when making their income support claims. Centrelink's advantage over private providers in engagement should also be considered in determining the quality of JCA providers.

A consideration for future contacts should be the availability of office space within Centrelink offices to conduct assessments. Currently clients can be very confused by the need to go somewhere else for assessment after lodging an application for payment or being referred for a review.

2.10 Key Performance Indicators

The monitoring of KPIs is an ongoing issue with the JCA contract. The recent business reallocation process was severely scrutinised by NESAs for its lack of consistency and transparency. From the time the business reallocation process took place providers have been questioning DHS on appropriate measures or advice from their data team.

At this stage reports out of EA3000 do not reflect the general KPI measures described in the DHS contract. MSA has committed resources to developing our own measures of quality but the feedback from DHS about KPIs is still unclear. Although DHS say they are looking at this issue and developing quality indicators and reports, there is still no clarity around the outcome measures.

3. Tender and contractual issues

Since the beginning of the JCA contract the requirements for servicing have continually been stretched and reviewed. The DHS Guidelines changes were as frequent as weekly and at one point delivered through newsletters. This brought into question the quality of JCA reports as the Guidelines were so fluid and complex.

MSA recognises that changes are necessary and acknowledges that DHS is now consulting providers prior to changes and around the frequency of changes. However, the more recent changes to the JCAc have brought into serious question the value case for JCA contracts as discussed above.

3.1 Length of contract

The current JCA contract ends in July 2008 and while the previous government committed to extend the contract until 30 June 2009, this has not been confirmed by the new government.

The uncertainty about the length of this and future contracts means that JCA providers will not be able to continue to invest in better assessment tools, attract the high calibre of staff and lease premises as they do not know how long they will continue to provide the service for government.

We propose that future contract periods be extended to five years as a means of creating a more stable environment to foster research, development and staff development.

A transparent performance management processes could provide a continuing method of addressing poor performance within the contract period.

3.2 CPI Reviews

All JCA contracts should include an annual adjustment for CPI increases on all fees as providers do not have the capacity to absorb annual cost increases while revenues remain fixed.

The costs of retaining the skilled staff required to service an increasingly complex client base do not remain static and a fixed term price would jeopardise the quality of service delivery by limiting providers' ability to retain staff in a highly competitive labour market.

3.3 Fixed Price contracting

We believe the current model of prices being fixed is sound and should be retained. A price competitive model has the potential to drive down quality by forcing providers to cut costs to remain competitive.

3.4 Viability of rural and remote servicing

Consideration should also be given to the costs of servicing rural and remote areas as the current fixed fee is well below the standard charges of professionally qualified assessors.

3.4 Viable business levels in purchasing

We would expect that where contracts are awarded for multiple providers at any location or for very small levels of business, these are all at viable

business level size which does not jeopardise the ability of providers to cope with the inevitable peaks and troughs in business levels.

4. Conclusions

Overall MSA recognise the improvements in the JCA process since the inception of the contract. Throughout the course of the JCA contract policy changes have influenced the quality of the JCAs. Furthermore, MSA believe that the current model is effective but it needs operational refining. The value case for JCAs is influencing the quality of referrals and care for clients. MSA encourages the Minister to consider the issues outlined in this paper so that we can continue to deliver quality assessments and contribute to increased employment outcomes for clients with a capacity to work.