

# **Disability Support Services**

## **Introduction to Residential Pricing changes *Setting the Scene***



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***Nau mai, haere mai***

***Welcome***

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# What this session will cover

- The Independent Review findings and recommendations
- The Government response
- What has been achieved so far
- The Community Group Home pricing model
  - The pricing model and the bigger picture
  - What's changing in the system?
  - Changes affecting NASCs and EGL sites



# Learning Goals

- The Independent Review findings and recommendations
- The Government response
- What has been achieved
- The pricing model and the bigger picture
- What's changing in the system?
- Changes affecting NASCs and EGL sites
- Community Group Home pricing model

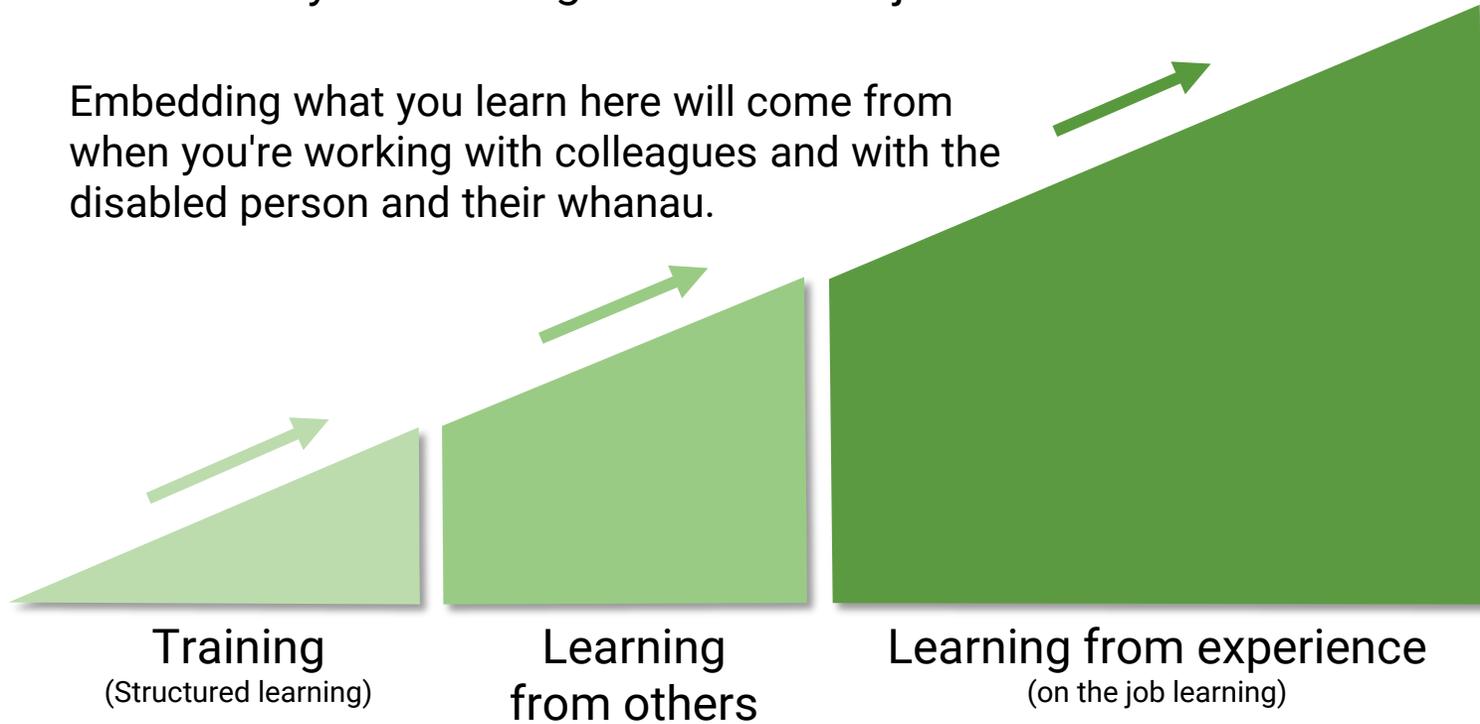


# 70/20/10 learning model

Your greatest learning will happen in the real world.

- 10% of learning happens in training
- 20% through interaction with others
- 70% of your learning occurs on the job

Embedding what you learn here will come from when you're working with colleagues and with the disabled person and their whanau.



# Background to Change/The Independent Review

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# Background to change

The Independent Review into DSS

- Around 54,000 people receive DSS.
- More people are using DSS, their needs are more complex, and the costs of services are rising.
- From 2015/16 onwards, nine out of the following 10 years saw DSS require more funding than it was allocated.
- In 2024, the Government announced an Independent Review into the disability support system.

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# Independent Review findings

- Delivery was inconsistent.
- There was inadequate budgetary control and commercial rigour.
- The two largest areas of cost growth were residential care and flexible funding.
- Policy settings and service design did not allow the effective administration and delivery of DSS.

# Government Response

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# The Government response

The Government accepted the 7 recommendations of the Independent Review.

The Government also decided:

- MSD would become responsible for delivering DSS.
- The Ministry of Disabled People – Whaikaha would be upgraded to a stand-alone government department.
- A Taskforce would lead implementation of the recommendations and help facilitate the transfer of DSS to MSD.

# Independent Review Recommendations

1. Budgets for NASCs, EGL sites and EMS providers (Completed).
2. Freeze funding for residential care and review of contract and pricing models (December 2025).
3. Take no action on a price increase for providers in 2024/25 (Completed).
4. Monitor NASC and EGL sites (Completed).
5. Update assessment and allocation settings.
6. Establish Flexible Funding criteria and review guidelines.
7. Strengthen how we work with other agencies (Completed).

# What has been achieved?

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# What has been achieved

- Invested in staff capability and developed systems and processes to increase efficiency.
- Worked closely with the sector and key stakeholders across the system to understand what is working well and where improvements can be made.
- Cleared  $\frac{3}{4}$  of the waitlist for specialist equipment.
- Commenced an internal change process to boost capability as commissioner, funder and steward.
- Worked with other agencies to improve interagency processes and joint funding.
- Consulted with the community on changes to assessments, allocations and flexible funding.





# What has been achieved

- Established prioritisation of entry into residential care.
- Provided certainty of funding for NASCs, Enabling Good Lives sites and providers.
- Improved and strengthened practices in forecasting, reporting and ensuring that prioritisation supports those in need.
- Improved monitoring of services and funding to enable better understanding of the drivers of change/ increase in the number and the cost of people supported.
- Improved practices for commercial procurement.
- Introduced a Review Panel to provide assurance that people are receiving appropriate support packages and residential care entitlements for high-cost packages.



# CGH - Community Group Home Pricing Model

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# Community Group Home Pricing Model

*Incorporating Recommendation 2*

- New residential pricing model.
- CGH pricing model came into effect 1 July. System and contract changes from 1 December 2025.
- Pricing model sets a nationally consistent approach to pricing.
- Most people supported in CGHs funded on banded rates (about 90%).
- About 10% have rates above/below bands and funded by exceptional rates.
- The new pricing is considered all-inclusive.
- NASCs will continue to determine which banded or exceptional rates are paid to providers for individuals.

# How the new pricing model was developed

- A tool was developed that helped understand the true costs of delivering community residential services today, as well as a matrix of possible support scenarios.
- The support scenarios and costs were matched to the existing population to develop a full list of refreshed day rates.
- The new rates were divided into break points, reflecting an **average** price for services. These became the banded rates for the system.
- Service and cost assumptions were tested with a subset of existing providers and NASC representatives in March.



# How the new pricing model was developed (cont.)

- The first version of the model was based on a 2024 residential data set.
- In July 2025 up-to-date facility and support information was collected from providers. This generated an updated list of rates based on a more accurate understanding of current service arrangements.
- These rates are reflected in the new Community Group Home Service Agreement.
- The rates will fund most (about 90 percent) of those accessing Community Group Home services.
- The model recognises that some people, given the level of support required, will need funding at levels that fall outside of the banded rates range.



# The Rates

## Northern

Band	Rate
Band 1	\$327.81
Band 2	\$414.57
Band 3	\$494.93
Band 4	\$643.75
Band 5	\$842.06
Band 6	\$893.61

## Midlands

Band	Rate
Band 1	\$320.77
Band 2	\$424.40
Band 3	\$531.32
Band 4	\$654.72
Band 5	\$855.44
Band 6	\$939.00

## Central

Band	Rate
Band 1	\$324.31
Band 2	\$438.99
Band 3	\$528.79
Band 4	\$661.55
Band 5	\$847.99
Band 6	\$905.70

## Southern

Band	Rate
Band 1	\$318.08
Band 2	\$408.66
Band 3	\$494.85
Band 4	\$635.00
Band 5	\$838.23
Band 6	\$911.54

- Client Contribution inclusive
- GST Exclusive



# Included in the rates

✓ Advanced Interim Payments (pay equity top-ups)

✓ Sleepover payments

✓ Day Activity Contributions

✓ Client Contributions

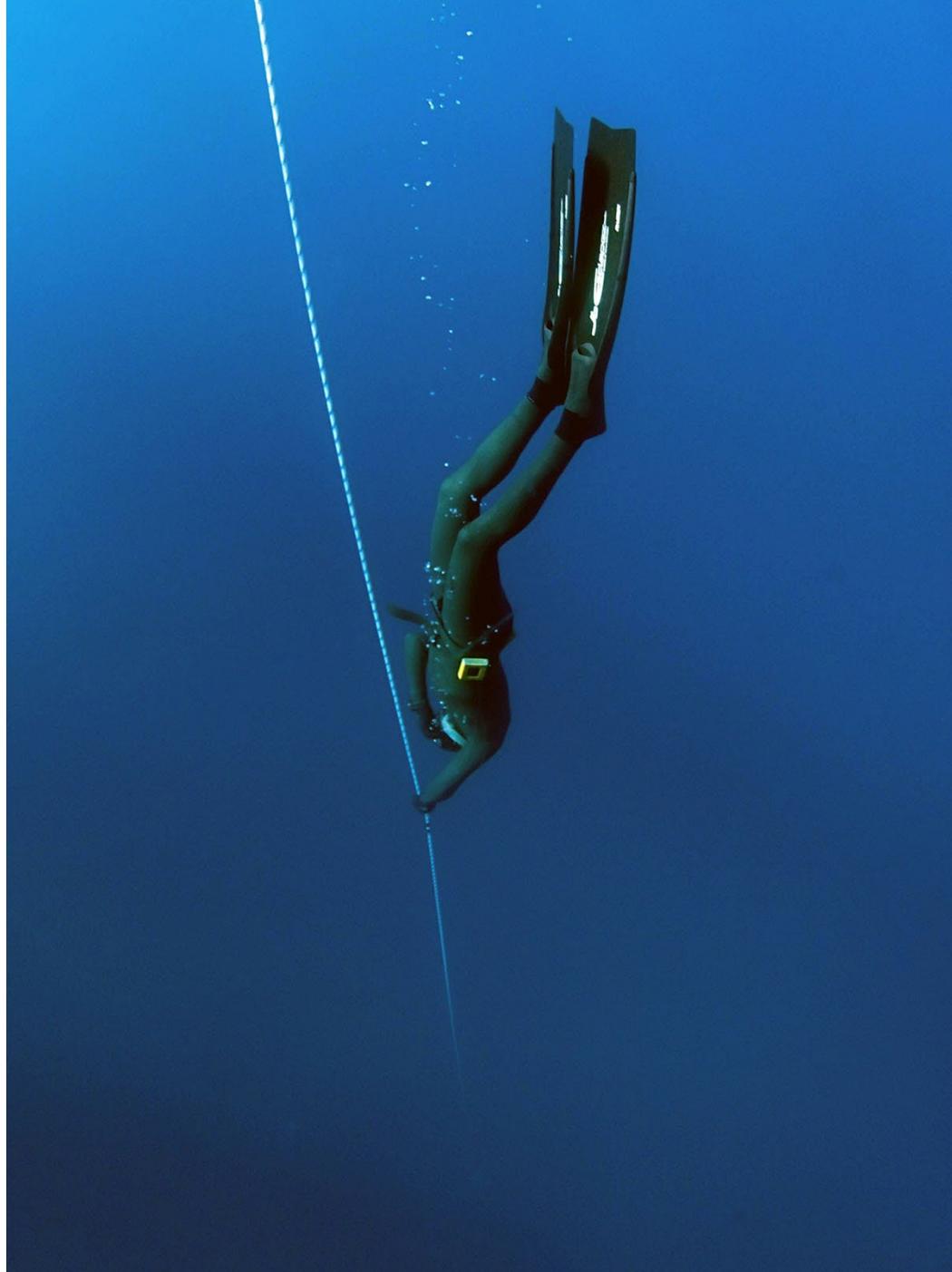




# The Global Pricing Tool

## – A Deeper Dive

- The Global Pricing Tool (GPT) is what estimates costs of service to determine fair and reasonable prices for community residential supports.
- It considers a range of house sizes and capacities, in different regions, with different levels of support delivered.

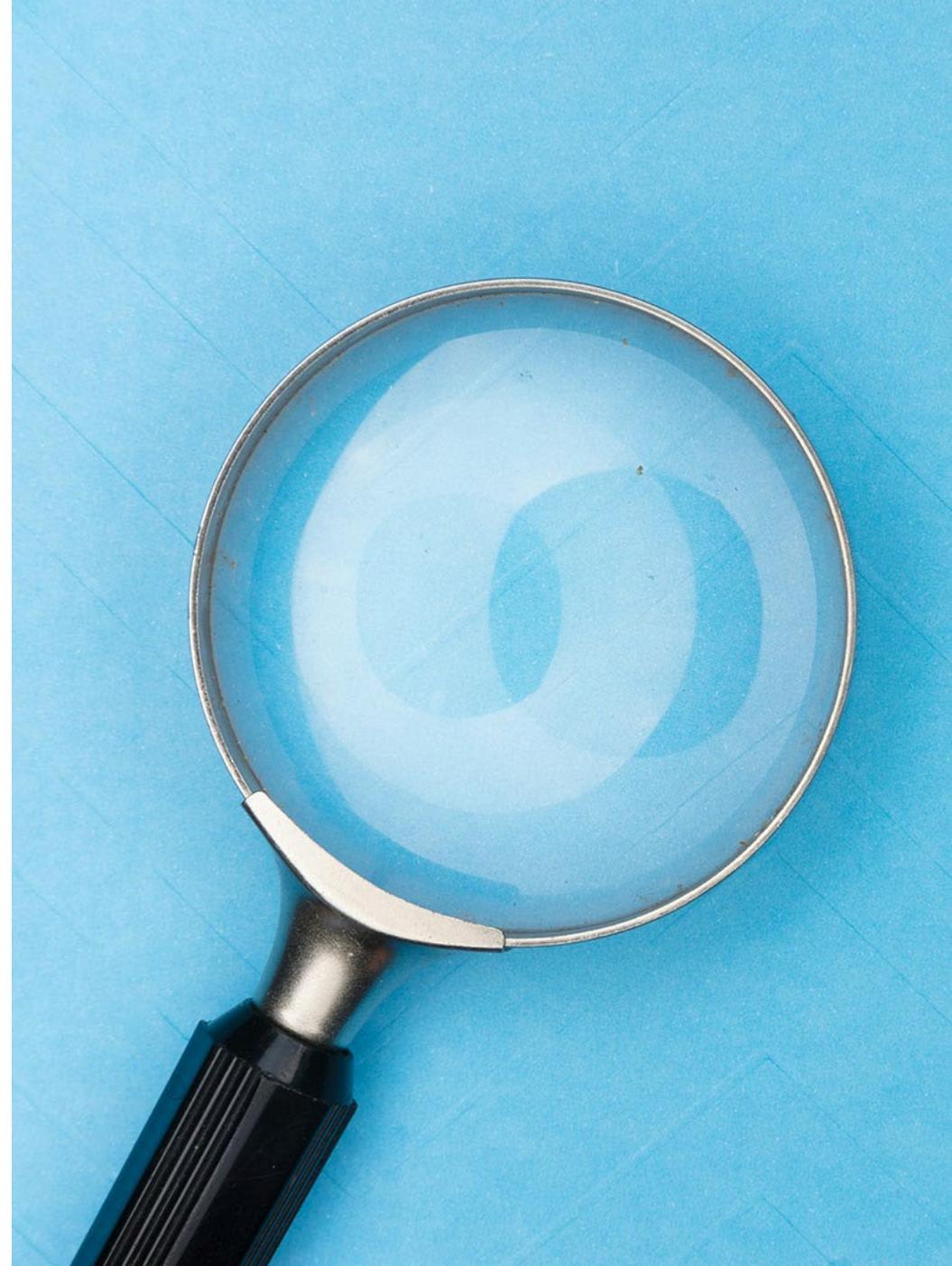


Cost groups	Staffing	Client Related Expenses	Core Housing Costs	Maintenance & Utilities	Provider Overheads
Main cost components	Salaries & wages (Support worker, care coordinator, etc)	Food	Market rent by location	Insurance	Management staff
	Pay equity (to date)	Laundry	Furniture and fitout	Property maintenance	Admin & accounting staff
	Sleepovers / Wakeovers	Specialist services & therapy	Household supplies	Telecommunications	IT costs
			Transport Costs	Water & Power	
				Facilities management	



# Setting individual day rates

- The Band Allocation Tool (BAT) is a tool that will be used by the NASCs and EGL sites (alongside a disabled person) to generate the outputs that determine the funding levels needed.
- The outputs from the BAT are inputted into the GPT to generate the rate that should be offered to the provider.
- Dual funded arrangements, or funding levels outside of the band structure, are called "Exceptional Rates" and will be subject to a DSS-led quality assurance process.



# Setting individual day rates (continued)

## Example of service variables

Variable	Selection	Notes
Region	Northern	Northland, Midland, Central or Southern
Urban / Rural Selection	Rural	Urban or Rural
Number of Bedrooms	3	i.e. The number of bedrooms not available for supports
Non-commissioned bedrooms	0.5	e.g., a bedroom not available for supports
Capacity	2.5	i.e. The number of bedrooms available for supports
Sleepover required?	Yes	Standard assumption
Transport required?	Yes	Standard assumption
Core Shift	1:3 ratio	9 hours at ratios from 2:1 to 1:6
Assistance Shift	1:5 ratio	6 hours
Management Fee %	15%	Fixed rate
Sleepover Shift		9 hours with 1 staff at wakeover rates

## Disability Support Services

# The Pricing Model - The big picture

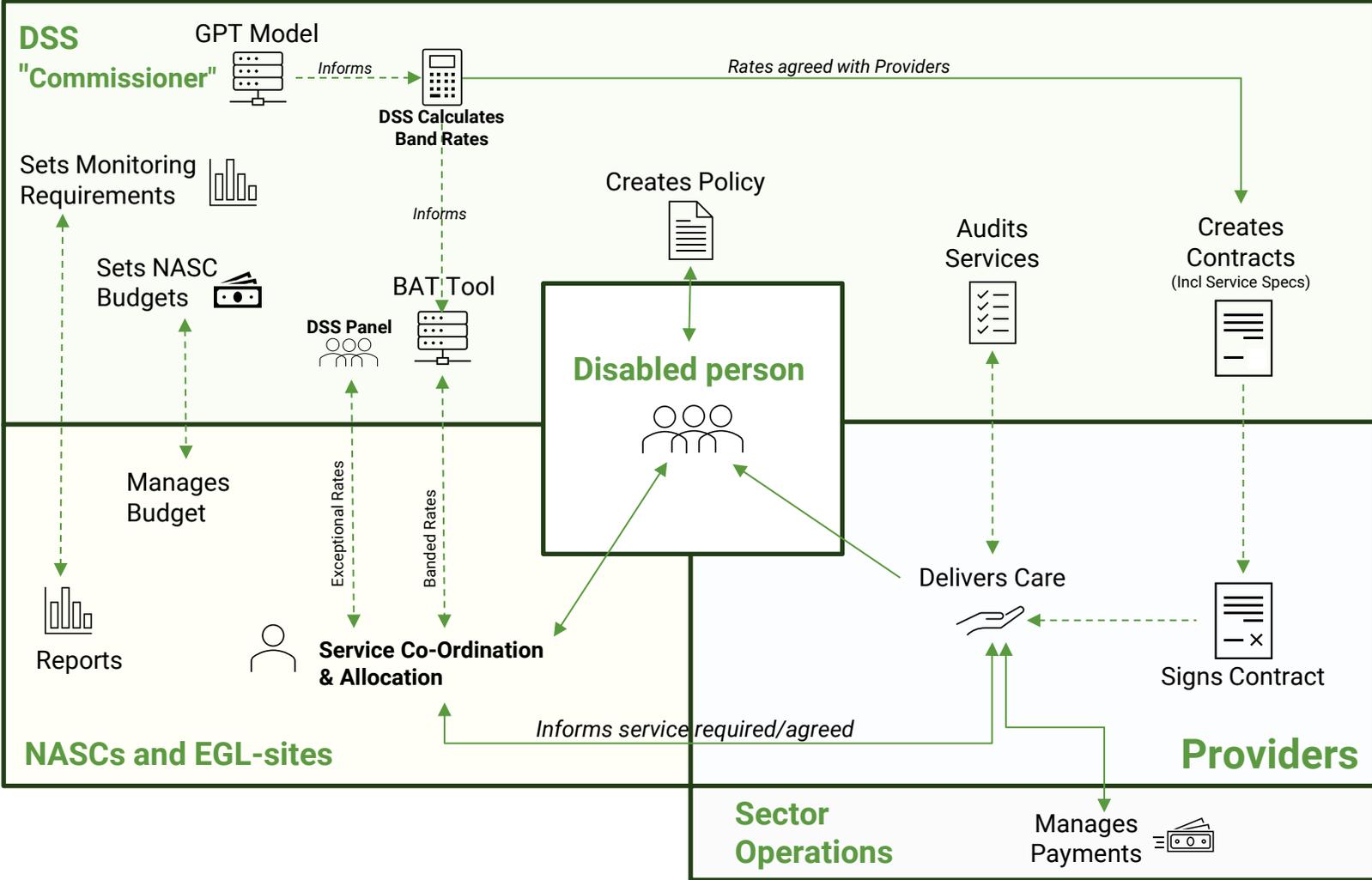


# The pricing model and the bigger picture

**DSS** is the Commissioner. It uses the GPT model to inform banded rates. Exceptional rates are endorsed through the DSS Review Panel. Agreed rates are included in provider contracts, along with any auditing requirements.

**Providers** deliver care to DSS clients based on the agreed contracts and service co-ordinations from NASCs. They are responsible for supporting audits when required.

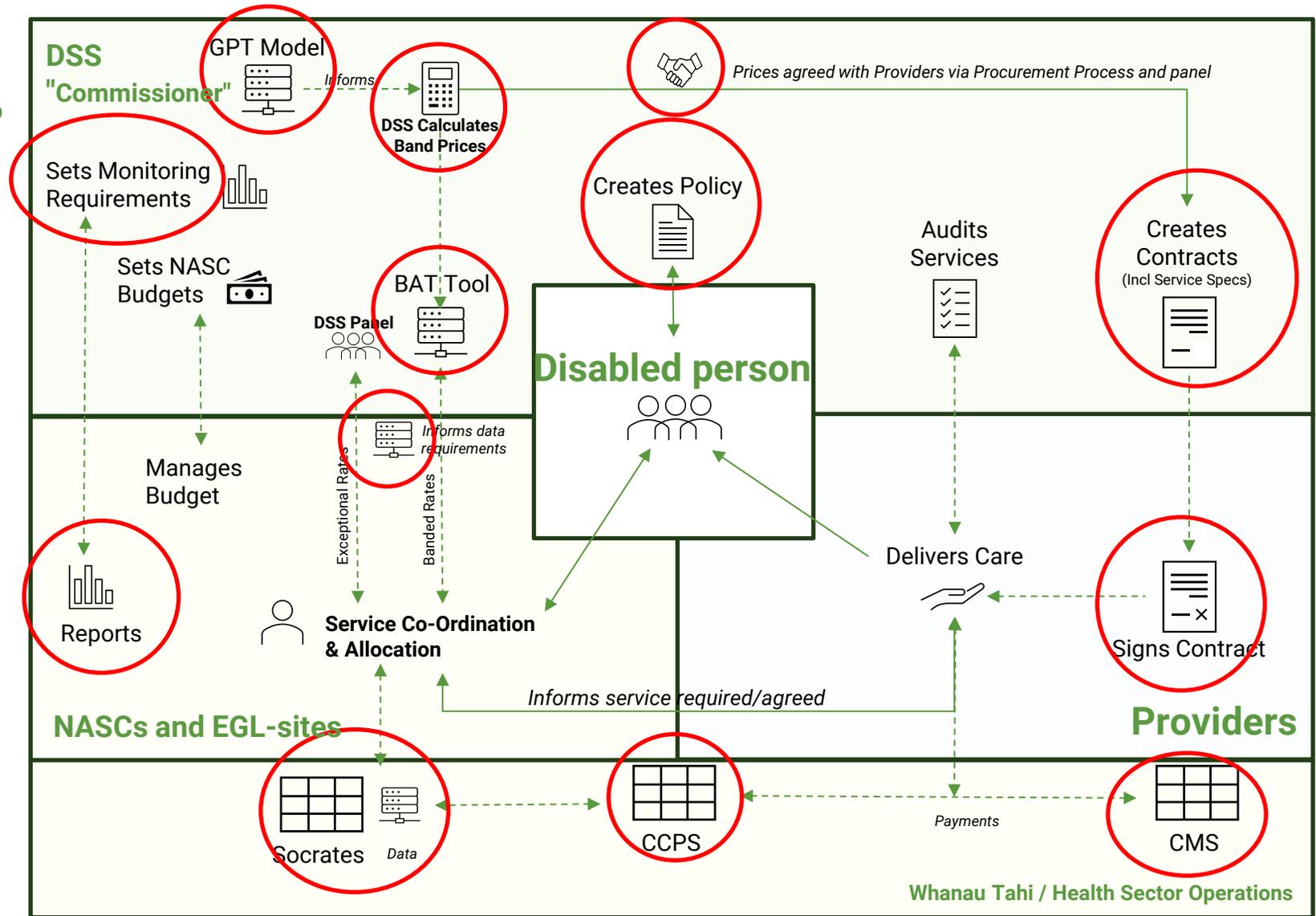
**NASCs and EGL-sites** manage their assigned budgets and report required information to DSS. When allocating services, they use the BAT tool or apply for endorsement of an exceptional rate decision via the DSS Assurance Team and Review Panel process.



# What's changing in the system from 1 December?

## The CGH Pricing Model programme delivers:

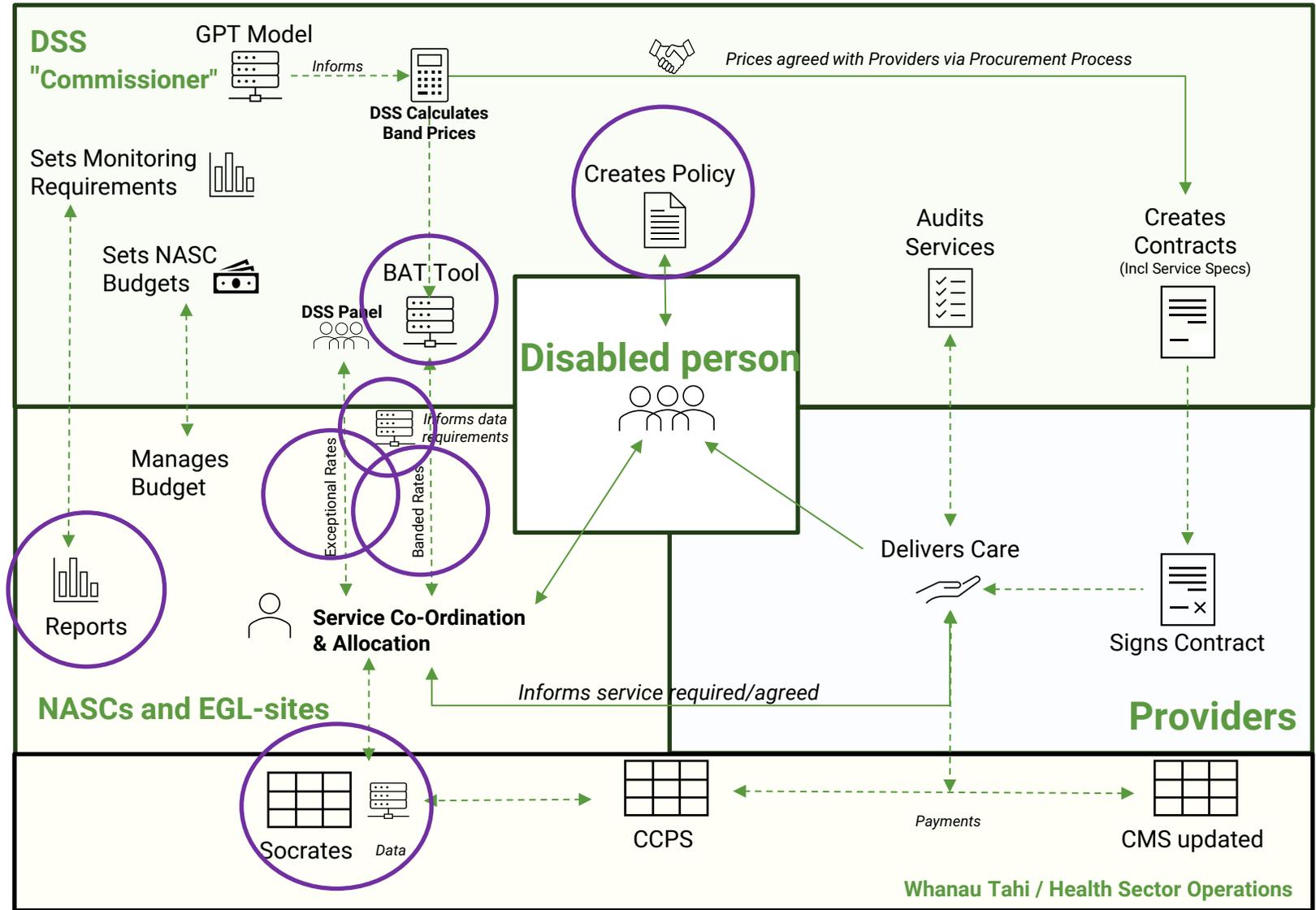
- A credible pricing model for CGH services
- Supporting operational policies
- A new contracting arrangement with CGH providers with an updated funding schedule
- Updates to Socrates
- Updated payment schedule
- A funding allocation tool and process to support consistent pricing nationally
- Updated data requirements for providers and NASCs
- Scripting of all existing rates to new rates by 1 December
- Ongoing monitoring and reporting



# Changes impacting NASCs and EGL-sites

## From 1 December 2025:

- New rates will be administrable in Socrates
- The GPT, BAT and exceptional rates process will come into effect
- New data requirements for providers and NASCs
- Exceptional Rate endorsement processes
- Other supporting operational policy will be in place
- Updated NASC budgets



# Wrap Up / Q&A



# Learning Goals

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- The Government response
- What has been achieved
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- What's changing in the system?
- Changes affecting NASCs and EGL sites
- The Community Group Home pricing model





# Questions?





# Thank You

## In the next session...

- Why the Band Allocation Tool, or BAT tool was created, including how it was developed and tested.
- Guidelines on how to access it, as well as explaining where the BAT fits in, in relation to other tools and processes.

**THANK YOU.**