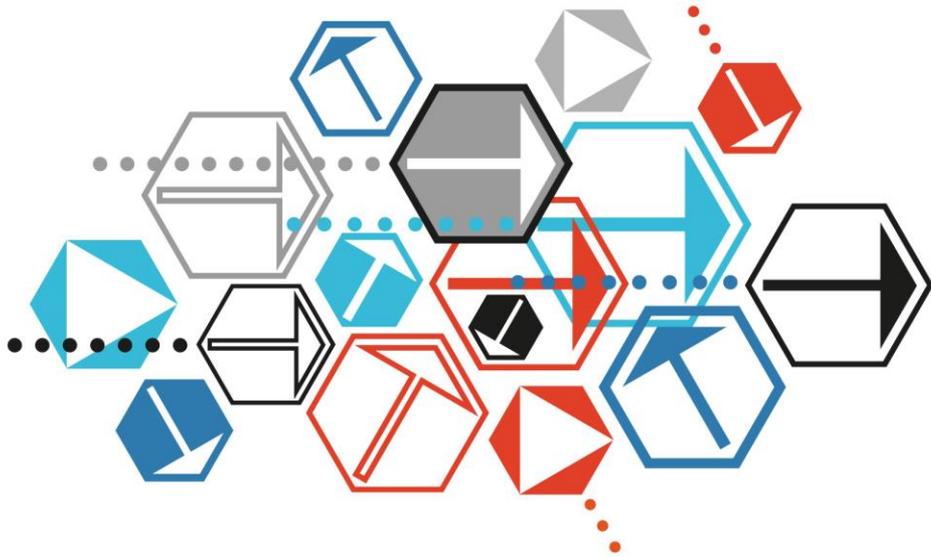


# INSPIRING CHANGE

## Young Actuaries Conference

---



Tuesday 29 May 2018 • Actuaries Institute • Sydney





**INSPIRING CHANGE**  
Young Actuaries Conference



# In a Heart Beat

**Meng Yuan**

© Meng Yuan, National Disability Insurance Agency

*This presentation has been prepared for the Actuaries Institute 2018 Young Actuaries Conference. The Institute Council wishes it to be understood that opinions put forward herein are not necessarily those of the Institute and the Council is not responsible for those opinions.*



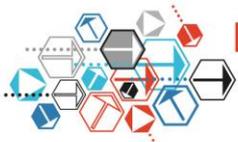
**INSPIRING CHANGE**

Young Actuaries Conference



## My Journey

- Consulting
- Corporate – General Insurance (Ireland)
- Disability reform



# History of the NDIS

2011

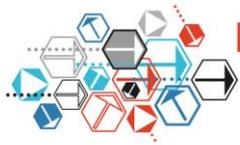
- Productivity Commission Inquiry on Disability Care and Support
- From an inequitable, underfunded, fragmented and inefficient system to a person-centred national approach with a shift in decision-making to people with disability

2013

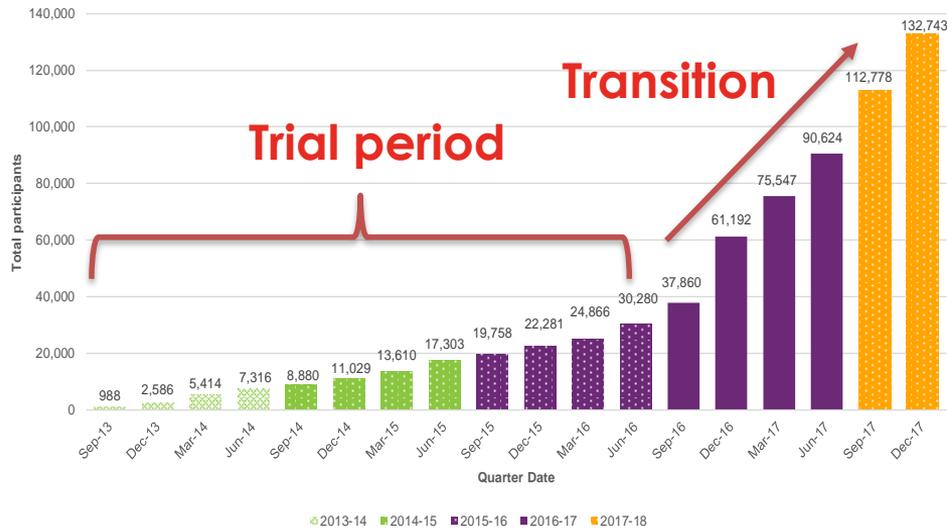
- Commencement of NDIS trial sites from 1 July 2013
- Operational in nine locations by 30 June 2016

2016

- Commencement of transition to full scheme from 1 July 2016



# The road to full scheme

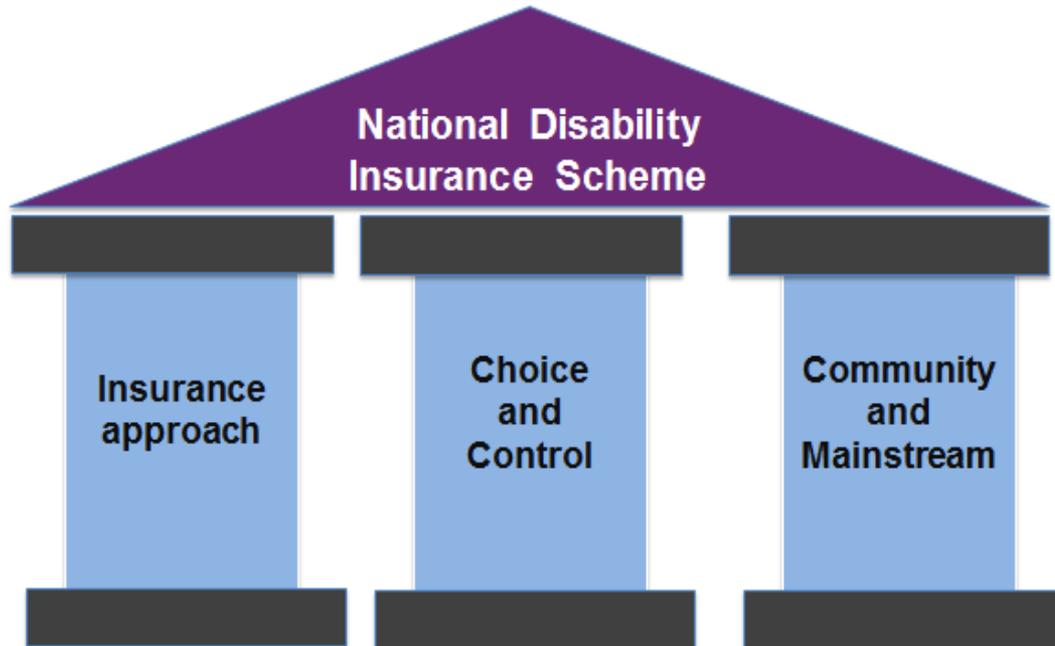


**Full scheme**  
2019-20  
aged 0-64 years

460,000



# Three pillars of the NDIS





# NDIS Act

- **Objects of Act – Section 3 (1)**
  - Support **independence** and **social and economic participation** of people with disability
  - Provide **reasonable and necessary** supports
  - Enable people with disability to exercise **choice and control**
  - Full **inclusion** in the mainstream community
- **These objects are to be achieved by – Section 3 (2)**
  - Adopting an **insurance-based approach**, informed by **actuarial analysis**
- **In giving effect to the objects, regard is to be had to – Section 3 (3)**
  - The need to ensure the **financial sustainability** of the NDIS

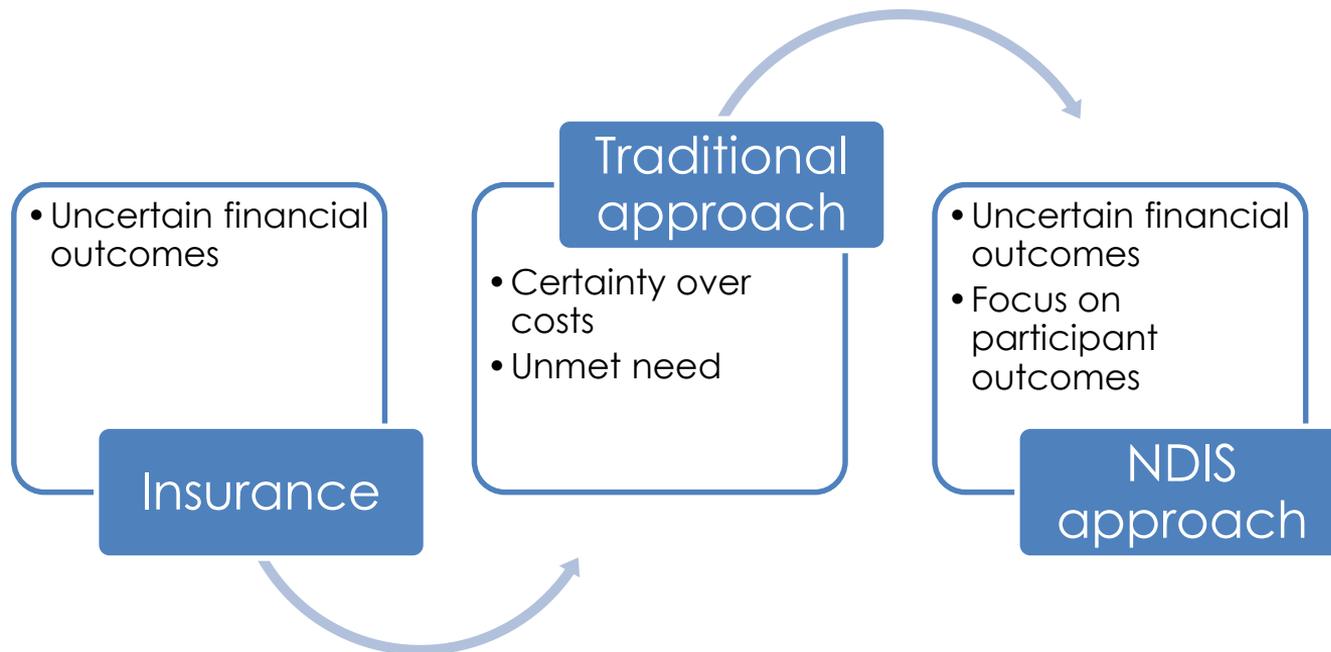


# Insurance principles and the NDIS

- The risk of disability affects all Australians. The NDIS is a way of **pooling these risks**.
- Each year, all Australians pay a **premium** (collectively, via tax) that is enough to cover the annual costs of the care and support needs of participants and the costs of running the scheme.
- The NDIS takes a **lifetime approach** to the provision of services and supports, with a focus on early investment, to enable people with disability to live an ordinary life in which they can achieve their goals and aspirations and participate in the social and economic life of the wider community.
- An insurance approach is also based on **data and evidence**. The NDIS data is monitored closely to ensure the scheme is financially sustainable.



# Insurance principles and the NDIS





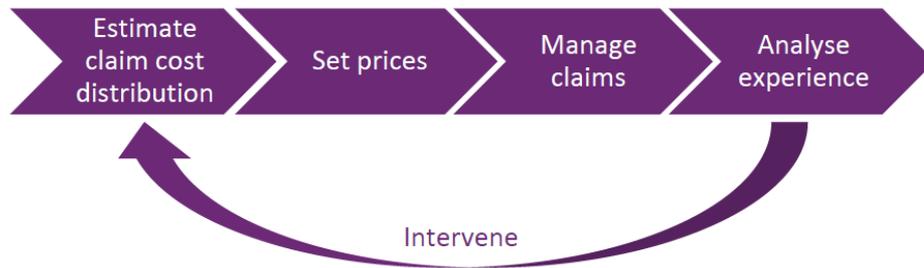
# Insurance principles and the NDIS

Insurer Risk Management Tool	NDIS
Premiums	<ul style="list-style-type: none"><li>• Contribute to funding envelope decisions (PAYG funding)</li></ul>
Policy wordings	<ul style="list-style-type: none"><li>• Eligibility criteria for participants</li><li>• Reasonable and necessary supports</li></ul>
Underwriting	<ul style="list-style-type: none"><li>• Defining supports best funded by another system</li></ul>
Reserving	<ul style="list-style-type: none"><li>• Tool to project and monitor expected future expenditure</li></ul>
Claims management	<ul style="list-style-type: none"><li>• Key for NDIS (eligibility, individual packages, outcomes)</li></ul>
Long-term view	<ul style="list-style-type: none"><li>• Forward view of sustainability</li></ul>
Control cycle approach	<ul style="list-style-type: none"><li>• Analysis of participant experience data</li></ul>

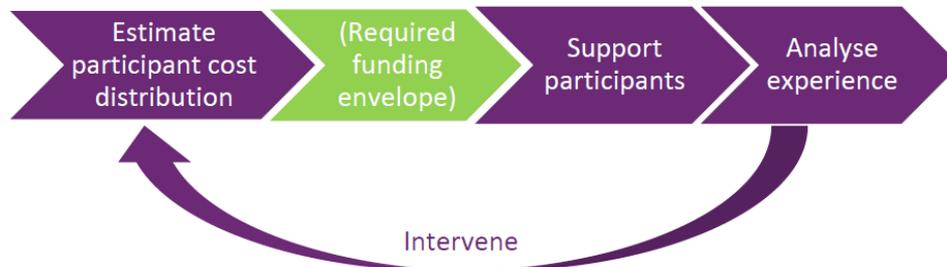


# Insurance control cycle

## Insurer



## NDIS





# Financial sustainability

- Financial sustainability for the NDIS means that:
  - The scheme is successful across a range of measures including **independence, economic and social participation of participants**, and participants accessing enough money to buy goods and services to allow them reasonable access to life opportunities; and
  - **Contributors believe that the cost is and will continue to be affordable**, under control, represents value for money, and therefore, remain willing to contribute.



# Financial sustainability

- The NDIS insurance approach allows **pressures on the scheme to be identified early** and **management responses** put in place to respond to these pressures.
- Specifically, data is collected on participants (including the characteristics of the participants, costs and outcomes), and this **actual experience is compared with the baseline projection**.
- The annual **Financial Sustainability Report** (FSR) is a key document in managing financial sustainability.



## My Reflections

- In seeking change and different perspectives, I have found fundamental commonalities
- The actuarial control cycle is at the heart of managing uncertainty



# The three stages of learning

- The foundation stage
- The curiosity stage
- The purpose stage





# The pulse test

*“It is here that you will feel the heartbeat of our company.” – General Manager, AIG Ireland*

