Review of the 2024-25 APR with respect to physiotherapy

Australian Physiotherapy Association

21 October 2025

nous

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This artwork was developed by Marcus Lee Design to reflect Nous Group's Reconciliation Action Plan and our aspirations for respectful and productive engagement with Aboriginal and Torres Strait Islander peoples and communities

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The NDIS is essential to the lives of many Australians

The National Disability Insurance Scheme (NDIS) represents the most ambitious social reform since Medicare, having now supported over 700,000 participants to access essential services, pursue life goals and participate in everyday life. The Scheme has matured into a critical enabler of inclusion with tens of thousands of providers operating across the country. It functions as a national infrastructure that delivers long-term social and economic benefits.

Physiotherapy is an integral component of the NDIS

Physiotherapy is a cornerstone support within the NDIS, playing a vital role in enabling participants to achieve meaningful engagement across all domains of life—social, economic, and community. It is not merely a therapeutic intervention but a foundational enabler of independence, mobility, and functional capacity. Through tailored, evidence-based approaches, physiotherapy empowers individuals to participate in education, employment, recreation, and relationships - thereby fulfilling the core objectives of the NDIS.

Physiotherapy establishes the baseline of functional capacity that makes participation possible for many NDIS participants. It supports participants with complex needs to engage, build skills and better realise the opportunities in other funded supports. Without it, function is limited, independence is compromised, and other funded supports lose effectiveness. Physiotherapy enables participants to move, engage, and build capacity. It is the foundation that allows the NDIS to deliver on its promise.

NDIS price limit for physiotherapy was reduced this financial year after a 5-year price freeze

The National Disability Insurance Agency's (NDIA) 2024-25 Annual Pricing Review (APR) was released in June 2025 and introduced a:

- **Cut in hourly rate:** $10 (5.2%) reduction in the national price limit for physiotherapy, from $193.99 to $183.99 per hour. This followed a five-year NDIS price freeze for physiotherapy[1].
- **Cap on travel rates:** a cap on provider travel claims for therapy supports set at 50% of the claimable hourly rate.
- **Removal of regional pricing:** removed State and Territory Special Pricing Arrangements for Western Australia, South Australia, Northern Territory, and Tasmania.

Many in the physiotherapy sector are concerned the reduced rate will reduce access to care

Recent survey data from Australian Physiotherapy Association (APA) members and sector consultations indicate that many physiotherapy practices see the NDIS hourly rates as unsustainable. Sector survey and consultation data shows that 30% of providers report they do not

[1] The hourly rate for physiotherapy in the NDIS has not increased since the specific physiotherapy rate was introduced in 2019-20

accept NDIS participants due to low viability[2]. For those who do participate, they frequently claim they must cross-subsidise NDIS services from other client groups to sustain services to NDIS participants. Many in the sector worry the lack of viability in providing services through the NDIS will encourage additional providers to withdraw from the NDIS, leading to a loss of clinical expertise and reduce the sector's capacity to deliver complex, high-value care.

Purpose of this report

The purpose of this report is to present the findings of an independent review of the pricing methodology used in the NDIA's 2024-25 Annual Pricing Review.

The Australian Physiotherapy Association (the APA) engaged Nous Group (Nous) to complete an independent review the NDIA's 2024-25 Annual Pricing Review (APR) to better understand the NDIA's methodology for setting the new hourly rates and to identify opportunities to strengthen the methodology to ensure that reference market rates for Physiotherapy can be restored in the short term and reflected in future APRs. Although, detailed consideration of the rationale and impact of NDIA changes to travel rates and regional pricing were out of scope for the review, the implications of these changes on the viability and sustainability of physiotherapy support under the NDIS is noted. The report is intended for the use of the APA and its members.

To ensure the independence of this review, this report is focused on examining the APR methodology and identifying opportunities for its improvement to ensure that the true reference market rate for Physiotherapy is reflected in ongoing price determinations. Accordingly, this report:

- avoids commentary where there is no evidence base
- specifies where evidence is drawn from stakeholder input.

Key findings

Current NDIS pricing limits for physiotherapy are misaligned with current market conditions and service delivery realities for people living with disability.

The review confirms that the methodology used in the NDIA's 2024-25 Annual Pricing Review is likely to have underestimated the prevailing market rates for physiotherapy services, resulting in national pricing limits for 2025-26 that are misaligned with current market conditions and service delivery realities for people living with disability.

The review identified several methodological factors that have contributed to this misalignment:

- **First, the use of regression modelling to estimate session duration resulted in hourly rates that are misaligned to prevailing market prices.**

  Greater clarity from the NDIA is needed regarding how the hourly rates were derived. There is evidence that the APR's modelling choices generate rate estimates that diverge from market evidence. Analysis of private health insurance data from a major insurer made available for

[2] Australian Physiotherapy Association (2025), Hourly rate for the provision of physiotherapy services

Current NDIS pricing limits for physiotherapy are misaligned with current market conditions and service delivery realities for people living with disability.

the review (covering around 25 per cent of the national market) shows a 70th percentile session fee equivalent to $236.50 per hour. This is significantly higher than the 75th percentile hourly fee of $150.50 estimated by the APR method. The APR method assigns a session duration for private market and MBS fees using a regression formula based on web-based information. Session duration is then used to convert session fees into hourly rates. We conclude that the APR method yields session times (around 45 minutes) that are misaligned with current service delivery realities (around 30 minutes), resulting in the underestimation of hourly rates. This misalignment has significant implications for NDIS service costing and resource planning.

- **Second, the data sources relied upon for the APR are too limited to generate robust and reliable NDIS price limits.**

  The APR relies on MBS fee data, publicly available website data, and a single PHI dataset. The MBS data reflects GP-led chronic disease care, which is not comparable to disability supports. The private health insurance dataset, drawn from a single undisclosed insurer, which may not be representative, is unclear on the inclusion of preferred provider programs and excludes indicators of care complexity and service profile. Public website listings while helpful for linking fees to session duration can obscure price variations linked to funding arrangements, including MBS and NDIS. These limitations reduce the reliability of the pricing outputs and their value to inform evidence-based policy.

- **Lastly, the pricing method does not reflect the complexity involved in delivering disability supports**. The NDIA's approach, which sets therapy price limits by referencing private market rates and MBS pricing, does not adequately account for the complexity of operating in the NDIS system. NDIS providers operate under a set of different conditions that impact service delivery and financial sustainability. The system complexity reduces the time available for funded therapeutic engagement and significantly lowers productivity.

Comparative evidence consistently indicates APR undervaluation of physiotherapy support, with the actual 75th percentile market rate lying between $215 and $259 per hour

The NDIA national price limit for physiotherapy in 2025-26 is $183.99 per hour. This represents a $10 per hour (5.2%) reduction on the price limit in the previous year. The APR relied on insights from the introduction of limited private health insurance and MBS data and related analysis in the 2024-25 review to justify a decrease in the national price limit for physiotherapy.

Our review found that these insights are broadly inconsistent with those from other available evidence, including data sources and analysis used by the NDIA in the past and presented in the 2024-25 APR report (see Table 1).

Table 1: Comparative methods available to inform physiotherapy hourly fee benchmarks

APR methods/hourly fee estimate		Non-APR methods/hourly fee estimate	
Analysis of website listings	$240	Nous costing report on a sustainable hourly rate[3]	$261
Comparison of other schemes	$215	APA survey data[4]	$259
MBS modelling (new)	$159	APA reference PHI data[5]	$237
PHI modelling (new)	$151	Ability Roundtable costing[6]	$220

In summary:

- The new APR modelling of MBS and PHI data resulted in hourly fee benchmarks in the range of $151 to $159.
- Other methods used by the APR previously and presented in the 2024-25 report resulted in hourly fee benchmarks in the range of $215 to $240.
- Other methods not used by the APR but reported elsewhere resulted in hourly fee benchmarks in the range of $220 to $261.

While both of new APR methods resulted in hourly fee benchmarks that are below (ranging from 18% to 22 %) the 2024-25 national price limit of $193.99, the other six methods reviewed for this report all resulted in hourly fee benchmarks above (ranging from 14% to 35%) the 2024-25 price limit.

In addition, the APR claimed that the most comparable schemes to the NDIS have hourly rates that fall between $140 and $190, yet its own data presented in the report shows a median rate closer to $200 and a 75th percentile rate around $215.

Looking ahead, short-term improvements could be achieved by validating existing data and related analytical methods through closer consultation with physiotherapy providers and data custodians (including MBS and PHI and those related to other schemes and website information). Longer-term, reforms to the pricing approach should integrate bottom-up costing with ongoing reference pricing. This would align NDIA's approach with best practice models used by IHACPA in Australia, ACC in New Zealand, and the NHS in England.

[3] Nous group report for APA on the identification of a sustainable hourly rate for the provision of physiotherapy services.

[4] APA survey of physiotherapy practices on standard session durations and fees excluding the initial consultation.

[5] Private health insurance data received by APA from a major insurer covering around 25 per cent of the national market.

[6] Composite hourly cost estimate across four major allied health disciplines developed by the Ability Roundtable.

Changes to travel funding will likely have further implications for the availability and delivery of direct therapeutic supports.

The 2024-25 APR also introduced a change to travel funding whereby the maximum claimable rate for provider travel associated with therapy supports is halved, capped at 50% of the relevant hourly price limit per 10-minute increment. This is likely to affect ongoing service delivery models, particularly in relation to the NDIS Practice Standards, which encourage access to therapy supports in natural environments. This change extends the existing practice of funding enablers of service delivery from therapy budgets, which is likely to have further implications for the availability and delivery of direct therapeutic supports.

Recommendations and next steps

We recommend APA advocate to government on current physiotherapy price limits and find opportunities to collaborate with government to establish a sustainable pricing framework for the future .

The focus should be on realising the following key outcomes:

1 Review the 2025-26 pricing decision

Continue to advocate to the government to immediately review the decision to cut the physiotherapy price limit for 2025-26 by $10. This should be based on concerns of the methodology used to determine the price reduction and potential impacts on the sector and service access.

2 Reinstate use of 75th percentile of the true comparable market rate

Given commitments from the NDIA to use the 75th percentile of the prevailing market rate, it is unclear why it was not used in the recent APR. Our analysis suggests the true market rates lies between $215 and $259 per hour based on alternative methods. This may subsequently support the APA to advocate for a methodology that reflects the true market in 2025-26 and future financial years.

3 Review of changes to travel limits

While this report did not directly consider travel limits and differential jurisdictional pricing arrangements, the APA should consider including these related price settings in the advocacy on broader pricing reform, given the significant implications they have on ongoing community access to physiotherapy support for NDIS participants.

4 Embed sector input in ongoing pricing reviews

The APA should advocate for involvement of the sector as part of the annual review process for NDIS pricing, including physiotherapy providers, participants, peak bodies and advocacy groups.

5 Establish a transparent, evidence-based pricing method for the future

The APA should request a commitment from government for a transparent and evidence-based pricing methodology. This could include proposing alternative methodologies, to ensure prices reflect the true costs of delivering physiotherapy services under the NDIS and seek greater transparency on how prices are determined.

1 Background and context

The National Disability Insurance Scheme (NDIS) is a landmark reform in Australia's social policy landscape, designed to empower people with disability to pursue their goals, participate fully in society, and exercise choice and control over their supports. Since its establishment in 2013, the NDIS has grown rapidly, now supporting over half a million participants and engaging tens of thousands of providers across Australia[7].

Physiotherapy is a cornerstone support within the NDIS, playing a vital role in enabling participants to achieve meaningful engagement across all domains of life-social, economic, and community. It is not merely a therapeutic intervention but a foundational enabler of independence, mobility, and functional capacity. Through tailored, evidence - based approaches, physiotherapy empowers individuals to participate in education, employment, recreation, and relationships, thereby fulfilling the core objectives of the NDIS.

Physiotherapy establishes the baseline of functional capacity that makes participation possible for many NDIS participants. It supports participants with complex needs to engage, build skills and better realise the opportunities in other funded supports. Without it, function is limited, independence is compromised, and other funded supports lose effectiveness. Physiotherapy enables participants to move, engage, and build capacity. It is the foundation that allows the NDIS to deliver on its promise.

Importance of physiotherapy

Physiotherapists are among the few allied health professionals with diagnostic capabilities. Their clinical expertise allows them to assess, identify, and respond to a wide range of physical and functional impairments, often serving as the first point of contact in recognising emerging issues. This diagnostic capacity is especially critical in early intervention, particularly within paediatric populations, where timely identification of developmental delays, neuromuscular conditions, and motor impairments can profoundly influence a child's long-term trajectory.

Early physiotherapy intervention supports optimal physical development, prevents secondary complications, and facilitates smoother transitions into educational and social environments. Across the lifespan, physiotherapists provide continuity of care that adapts to the evolving needs of participants—from infancy through to ageing—ensuring that interventions remain relevant, goal-directed, and impactful.

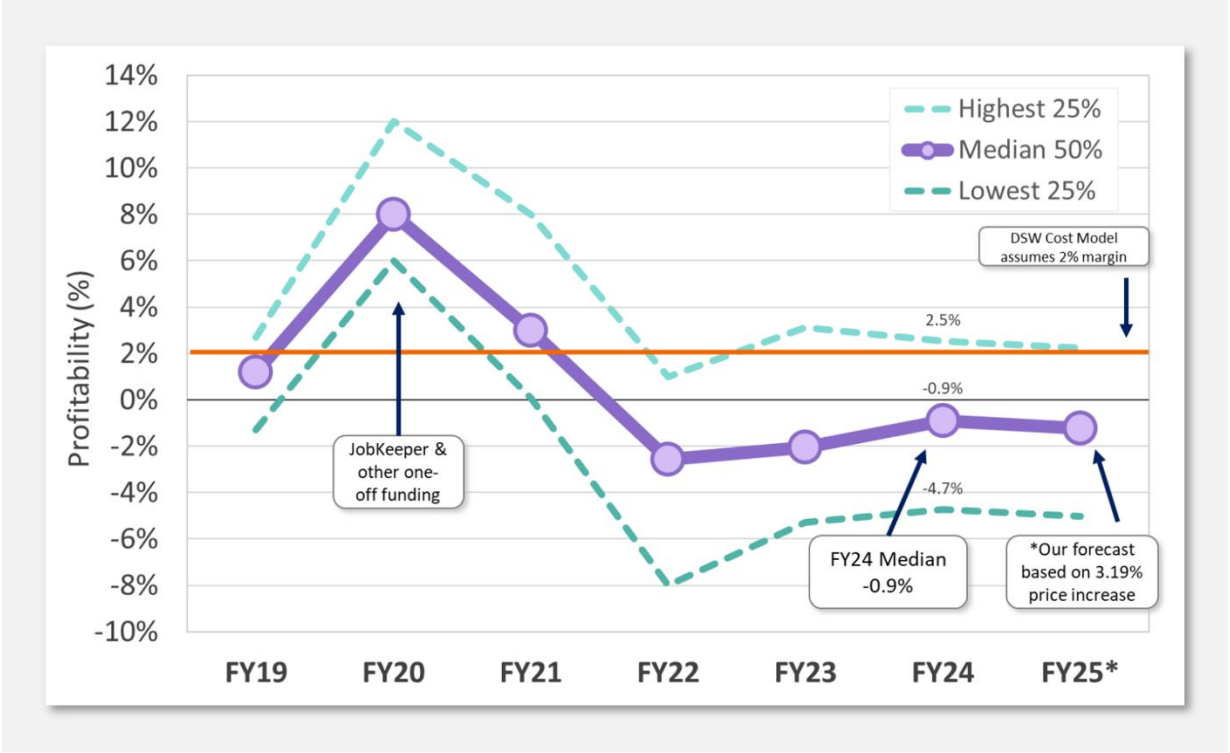
Beyond their direct therapeutic and diagnostic contributions, physiotherapy often functions as a junctional support—a critical connector between multiple services such as occupational therapy, speech pathology, assistive technology, and personal care. Physiotherapists frequently coordinate with other providers to ensure that supports are delivered in a safe, goal-directed, and integrated manner. This coordination is essential for reducing fragmentation in service delivery and for maintaining continuity of care, especially for participants with complex needs.

[7] NDIS (2025), 2024-25 Annual Pricing Review

Too often, physiotherapy's role is misunderstood, and this disconnect has shaped policy settings that undervalue physiotherapy's essential contribution. The sustainability of physiotherapy services under the NDIS has become a significant concern. Recent survey data and sector consultations indicate that the current NDIS price limits are unsustainable for many practices, with nearly 30%[8] of physiotherapy providers reporting they do not accept NDIS participants due to low fees. Many who do participate must cross-subsidise NDIS services from other client groups, raising the risk of further provider withdrawal from the Scheme[9].

These concerns are reinforced by the Ability Roundtable's (Australia's largest benchmarking platform for disability service providers) financial and workforce benchmarking results for the 2023-24 financial year (Figure 1), which reveal entrenched sector-wide losses among NDIS registered providers[10]. The median profitability for participating organisations was -0.9% in 2023-24, following a -2.1% median result in 2022-23.

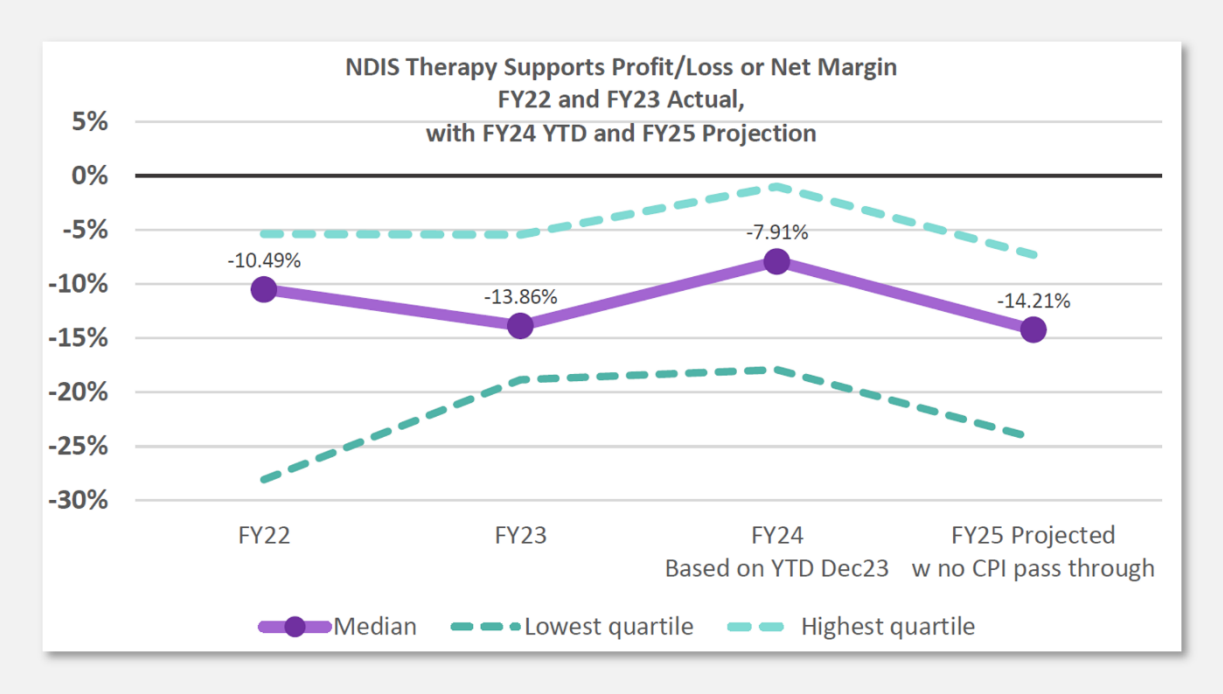
Figure 1 | Ability roundtable modelling of median profitability of all organisations participating in the NDIS FY19-20 to FY22-23(FY24 projection)**



For NDIS registered therapy supports specifically, the situation is even more acute as outlined in Figure 2. Median losses for therapy providers were -14% in 2022-23, and mid-year data for 2023-24 showed a median year-to-date loss of -7.9%. Only a small proportion of NDIS registered providers are making a profit, highlighting the growing risk of market withdrawals and failures.

[8] Australian Physiotherapy Association (2025), Hourly rate for the provision of physiotherapy services
[9] Australian Physiotherapy Association (2025), Hourly rate for the provision of physiotherapy services
[10] Ability Roundtable (2025), IHACPA Consultation – NDIS Pricing Reform Opportunities

Figure 2 | Ability Roundtable modelling of profitability of therapy supports for FY23 and FY24 with FY25 projection



It is noted that these concerns are not new. The APA has previously put forward robust recommendations to government highlighting key cost drivers, service delivery complexities and market sustainability pressures evident in the sector.

In its 2024-25 APR, the NDIA announced a 5.2% reduction in the national price limit for physiotherapy from $193.99 to $183.99 per hour for 2025-26 after five years without indexation since 2019-20, The APR cites benchmarking against broader market rates and a revised methodology as rationale for the reduction. The NDIA's approach leverages data from the Medicare Benefits Schedule (MBS), Private Health Insurance (PHI), and other government schemes, as well as regression analysis of private website listings. The APR also reviewed the price limit differentials between jurisdictions, resulting in the previously higher price limit in WA, SA, NT and TAS being brought in line with other jurisdictions.

In addition to these price reductions, the APR introduced a change to travel funding: from 1 July 2025, the maximum claimable rate for provider travel associated with therapy supports will be halved, capped at 50% of the relevant hourly price limit per 10-minute increment. While travel supports access to services, it currently only represents approximately 1% of therapy expenditure ($26.1m) and around 0.1% of total scheme costs for July to December 2024 (~$21.8b[11]). The NDIA's decision to cap travel reimbursement is likely to affect service delivery models, particularly in relation to the NDIS Practice Standards, which encourage access to therapy supports in natural environments. This change continues the existing practice of funding enablers of service delivery from therapy budgets, which is likely to have further implications for the availability and delivery of direct therapeutic supports.

[11] NDIS (2025), 2024-25 Annual Pricing Review

The NDIA's revision of physiotherapy fees highlights a potential gap between federal pricing structures and wage policy. After several years without indexation, providers are navigating rising wage and other operational costs, which stakeholders said could increase costs of employing physiotherapists by up to 30 per cent and is likely to increase more for entry-level employees (such as new graduates) than senior roles[12]. For example, the Fair Work Commission has announced provisional wage increases under the Health Professionals and Support Services Award 2020 (HPSS) – an award that covers the majority of allied health professionals employed in the private sector. These anticipated award changes are not isolated events—they are part of a broader pattern of rising costs that include insurance, compliance, administration, and workforce development.

While the NDIA has positioned the physiotherapy price reduction as a cost-containment measure, its impact on the overall NDIS budget is expected to be relatively limited. As outlined in Table 2, Physiotherapy represents approximately 1% of the total NDIS budget. Even within therapy supports, physiotherapy accounts for just 9.2% of total therapy spending. The estimated annual reduction in physiotherapy expenditure resulting from the price change is approximately $23 million[13], representing about 0.05% of estimated NDIS expenditure. Although modest in terms of overall budget impact, this change may have more pronounced implications for physiotherapy providers, particularly those already operating under financial pressure.

Table 2 | NDIS scale and the impact of proposed change (6 months Jul-Dec 24)

Total NDIS budget	$22.6 billion[14]
Total therapy spending	$2.417 billion (excluding early childhood supports)[15]
Total physiotherapy spending	$222.7 million[16]
Reduction from price change	$11.6 million (~$23 million annually)

There are concerns within the sector that the change pricing methodology employed by the NDIS for 2025-26 is flawed, particularly in its determination of session durations, data comparability, and the unique costs associated with serving NDIS participants.

As such, the APA has engaged Nous to review the NDIA's data and methodology, identify potential flaws, and support advocacy efforts to ensure pricing arrangements are transparent, evidence-based and sustainable. This report provides a critical analysis of the NDIA's 2024-25 APR methodology, drawing on sector expertise, independent data analysis, and stakeholder feedback.

[12] Australian Physiotherapy Association, Gender-based undervaluation – priority awards review, April 2025
[13] Based on an assumed half yearly physiotherapy spend of $222.7 million and a cost saving of 5.2% as per the percentage change in the NDIA hourly rate for physiotherapy.
[14] Transcript for National Quarterly Performance Dashboard as at 31 December 2024
[15] NDIS (2025), 2024-25 Annual Pricing Review. The $2.417 billion therapy spend (Jul – Dec 2024) excludes early childhood intervention supports, which are reported separately. This means the figure does not reflect the total therapy-related spend across the NDIS.
[16] NDIS (2025), 2024-25 Annual Pricing Review

The findings will inform ongoing advocacy to the NDIA and other relevant schemes, with the aim of supporting a viable and sustainable, high-quality physiotherapy market for NDIS participants.

It is noted that, while changes to the differential price limit between jurisdictions and to the travel funding are referenced in this report, the justification and implications of these changes were not explored in the scope of this review.

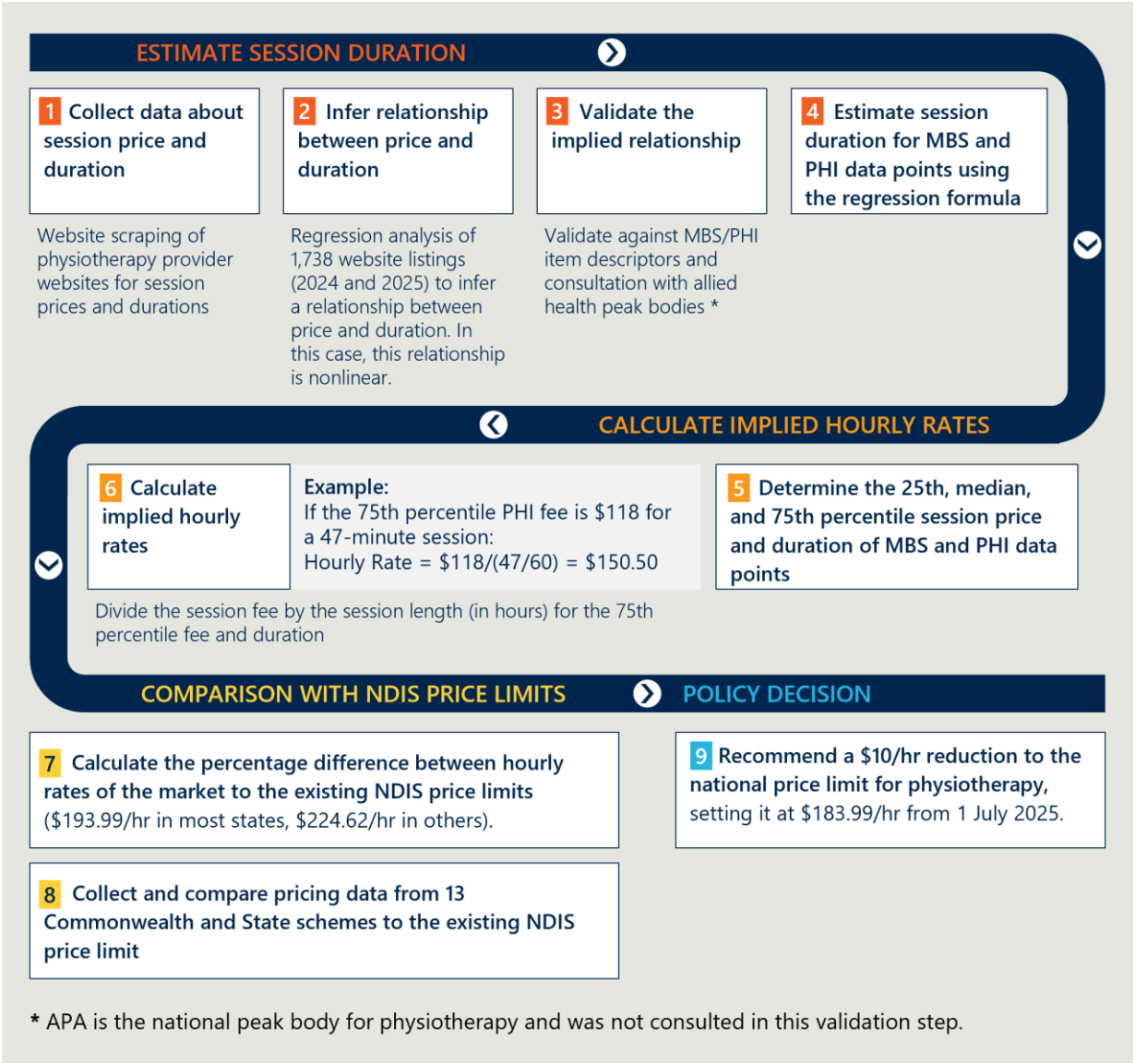
It is important to note that this report builds on a substantial body of existing work. Foundational recommendations and modelling have already been developed, including the Nous report on the value of physiotherapy in Australia and market research on a sustainable hourly rate for physiotherapy, which considered existing prices, sector sustainability, and economic value. In addition, the Ability Roundtable—Australia's largest benchmarking platform for disability service providers—has produced comprehensive 2024–25 pricing analysis identifying key cost drivers, service delivery complexity, and market sustainability considerations. These studies have been referenced throughout this report and provide valuable insights, although they have not been a focus in recent reform discussions.

2 Methodology review

2.1 The use of regression modelling to estimate session duration resulted in hourly rates that are misaligned to prevailing market prices.

While comparative pricing models can offer useful reference points, their new and extended application in the 2024–25 APR introduces several methodological flaws and data limitations that warrant closer scrutiny. Figure 3 outlines the NDIA's approach to pricing in the APR.

Figure 3 | APR 2024-25 methodology



* APA is the national peak body for physiotherapy and was not consulted in this validation step.

2.1.1 Regression-based duration estimation

The APR methodology estimates session duration using a regression formula based on price, which is then used to calculate hourly rates. This introduces circular logic: the model defines the relationship between price and duration derived from website scraping, then uses that same relationship to impute duration and derive hourly rates for MBS and PHI services. This creates a deterministic link between price and time, assuming a fixed duration at each price point.

In reality, MBS and PHI session durations are generally either 30 or 45 minutes for any given price. For example, a $110 priced session might last either 30 or 45 minutes depending on provider, client needs, and context. Likewise, a 30-minute session can be priced differently across providers, overlapping with prices charged by some providers for 45-minute sessions. By enforcing a fixed duration at each price point based on a model that considers session duration as a continuous variable, the model does not reflect the market price variability at standard session durations.

As such, the 25th percentile, median, and 75th percentile estimates for the duration of physiotherapy sessions generated by the regression model - particularly those based on PHI data - are unexpectedly high and show very little variation. Table 3 shows the APR estimates as 43.5 minutes for the 25th percentile, 45 minutes for the median, and 46.8 minutes for the 75th percentile.

Table 3 | The APA physiotherapy provider survey outputs compared with APR outputs[17]

Question		25th percentile	Median	75th percentile
Excluding the initial consultation, what is the average session duration for a private patient? (minutes)		30	30	30
Duration determined by the APR (East Coast)	PHI	43.2	45.0	47
	MBS	30.0	30.0	34.0

In practice, a typical standard follow-up session is around 30 minutes, with only enhanced sessions lasting 45.

This is supported by a survey deployed by the APA which reached 212 physiotherapy providers focusing on standard musculoskeletal care. As outlined Table 4most practices reported that the average session duration for a private patient is 30 minutes. While the APR's duration estimate

[17] APA deployed a survey which reached 212 providers focusing on traditional musculoskeletal care to validate assertions in the APR about session price, duration and rate as well as a test the validity of using MBS data as a price comparator. The survey was distributed to physiotherapy business owners, both members and non-members of APA (MS Excel file with the full questions and survey outputs can be obtained from APA on request).

using MBS data aligns well with survey outputs, the estimate using PHI data not only exceed these norms but also suggest very little variation, which doesn't appear to match real-world patterns.

In addition, Nous previously conducted a survey[18] where 91% of respondents reported that a standard physiotherapy consultation physiotherapy (excluding initial consults, complex or specialised consults or consults for more than one concern) should be 30 minutes or less (see Table 4

The findings of these APA and Nous surveys further support the view that the APR methodology has likely overestimated the duration of standard physiotherapy sessions when using PHI data.

Table 4 | Data for quantitative survey questions

Question 1: How long should a standard physiotherapy consult be? This would not include initial consults, complex or specialised consults, or consults for more than one concern. (n=325)								
Multiple choice	<20min	20min	25min	30min	35min	40min	45min	>45min
# of responses	11	50	14	218	3	11	18	0
% of responses	3%	15%	4%	67%	1%	3%	6%	0%

Estimation of session duration is a core aspect of the APR methodology and impacts significantly on the calculation of hourly rates, given the sensitivity of rates to variations in estimates of session duration. In our view, this aspect of the methodology has the greatest likelihood of distorting the pricing of physiotherapy support.

By imputing session durations on MBS and PHI claims data using a regression formula, the NDIA is likely to have overestimated the average length of physiotherapy sessions at the various price points.

Overestimated session durations artificially lower the calculated hourly rate, resulting in rates that are misaligned with prevailing market conditions and run the risk of being disconnected from the actual cost of providing high-quality, disability-specific care.

[18] Australian Physiotherapy Association (2025), Hourly rate for the provision of physiotherapy services

QUESTIONS TO GUIDE FURTHER EXPLORATION

- What regression model was used? What were the regression coefficients? Was separate modelling undertaken for discrete session durations (e.g. 30 and 45 mins)?
- How was the regression output cross-validated with MBS and PHI data, considering these data sources do not include session durations?
- What are the range of prices collected by web scraping for sessions which are 30 minutes and 45 minutes? (**Rationale:** Nous hypothesises that there will be clustering of durations around the 30 minutes and 45 minutes. This would suggest that the duration of physiotherapy sessions should considered discrete values rather than a continuous variable.)
- What are the range of durations collected by web scraping for sessions at the 25th percentile, median and 75th percentile prices?

2.1.2 Hourly rate calculation

The APR calculates hourly rates by dividing the 75th percentile session fee by the imputed 75th percentile duration. This method does not necessarily yield a valid 75th percentile hourly rate, given higher fees can be associated with shorter sessions resulting in higher hourly charges.

Table 5 compares hourly rates derived using different duration assumptions—75th percentile, median, and reference source averages—and shows significant variation. For instance, using median durations yields hourly rates up to $180, while reference durations (e.g. Mystery Shopper data) push estimates as high as $270 per hour. This variation highlights how sensitive hourly rate estimates are to the duration assumption used.

Table 5 | Hourly rate calculated using the 75th percentile duration compared to the median duration and median/average duration of reference sources

METHOD	PHI		MBS	
Using the **75th percentile duration** and **75th percentile price** to estimate an hourly rate	East $118/s for 47min	West $104/s for 46.8min	East $90/s for 34min	West $79/s for 32.6min
	$150.50/h	$133.40/h	$158.70/h	$145.30/h
Using the **median duration** and **75th percentile price** to estimate an hourly rate	East PHI $118/s for 43.2min (median duration)	West PHI $104/s for 43.5min (median duration)	East MBS $90/s for 30min (median duration)	West MBS $79/s for 30min (median duration)
	$163.88/h	$143.45/h	$180/h	$158/h

METHOD	PHI		MBS	
Using the **median/average duration of reference data sources** (E.g. Mystery Shopper report (2022), intended MBS duration) and **75th percentile price** to estimate an hourly rate	East PHI $118/s for 32min	West PHI $104/s for 32min	East MBS $90/s for 20min	West MBS $79/s for 20min
	$221.25/h	$195/h	$270/h	$237/h

The methodology adopted in the 2024–25 APR consistently produced lower rates estimates than other reference methods mentioned in the review and outputs from research conducted in this review of the APR as shown in Figure 5 and Table 6

- Across therapy types, the APR methodology underestimates the 75th percentile hourly rate by an average of 33.0% compared to the other reference methods (Analysis of website listings and comparison to other government schemes). This is particularly the case for physiotherapy where it underestimates the 75th percentile hourly rate by 47%.

The survey of physiotherapy practices determined a 75th percentile average hourly rate of $259/h, 68% higher than the APR estimate. This data shows significantly stronger alignment with the reference methods than the APR-derived estimates.[19]

- The APA requested price data for standard (subsequent) physiotherapy sessions from one of Australia's largest private health insurers—representing approximately a quarter of the national market share— this indicated a 70th percentile session fee of $118.25, equating to $236.50 per hour.[20] Importantly, with standard indexation applied, the current market rate would be higher, further widening the gap between the APR's estimates and actual service costs.

- **As outlined in Table 6, the APR estimates the 75th percentile hourly rate for physiotherapy at a figure that is 54.6% lower than this insurer-derived benchmark of $236.50 per hour.**

- These discrepancies are not insignificant given the 2024-25 APR relied on the MBS and PHI estimated hourly rates as a primary driver for reducing the price limit for 2025-26.

[19] The APA conducted a parallel survey targeting practices specialising in podiatry, neurology, and disability, which received 154 responses. The 25th percentile, median, and 75th percentile hourly rates derived from this survey closely aligned with those from the survey focused on traditional musculoskeletal physiotherapy practices.
[20] The 25th, 50th, 75th percentile claims/fees for a standard consultation (excluding initial) are presented by state at Appendix A.

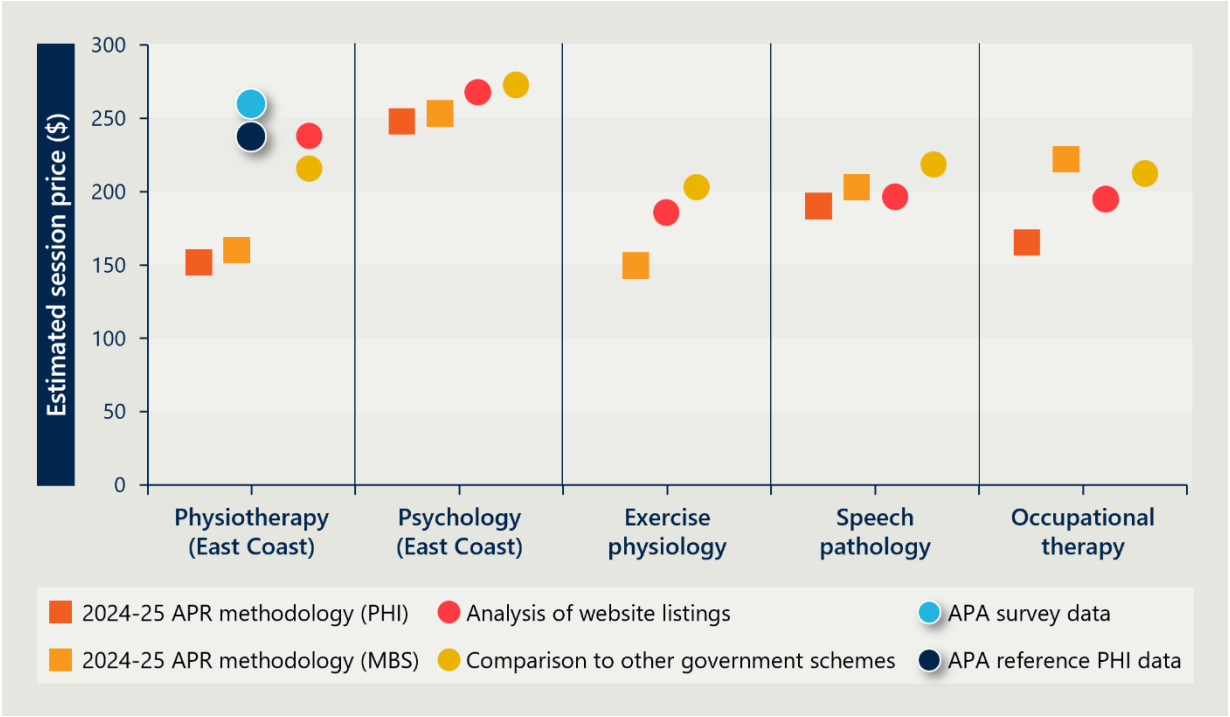
The 75th percentile hourly price from:

- Analysis of website listings of charges and session times was $240.
- Other government schemes was $215.
- APA's survey was $259.
- Supplementary PHI data[21] was $236.

These illustrate a degree of convergence well above $200 per hour and well above the prices generated by the APR method for 2024-25, which estimated the PHI hourly price at $151 and the MBS hourly price at $159.

The variance between the non-APR outputs and the APR outputs appears implausible and indicate the need for further analysis of the methods used for 2024-25.

Figure 4 | Comparison of the 75th percentile hourly rate determined by the APR compared to reference methods, the APA survey data and data from one of Australia's largest health insurers



[21] Refers to 70th percentile.

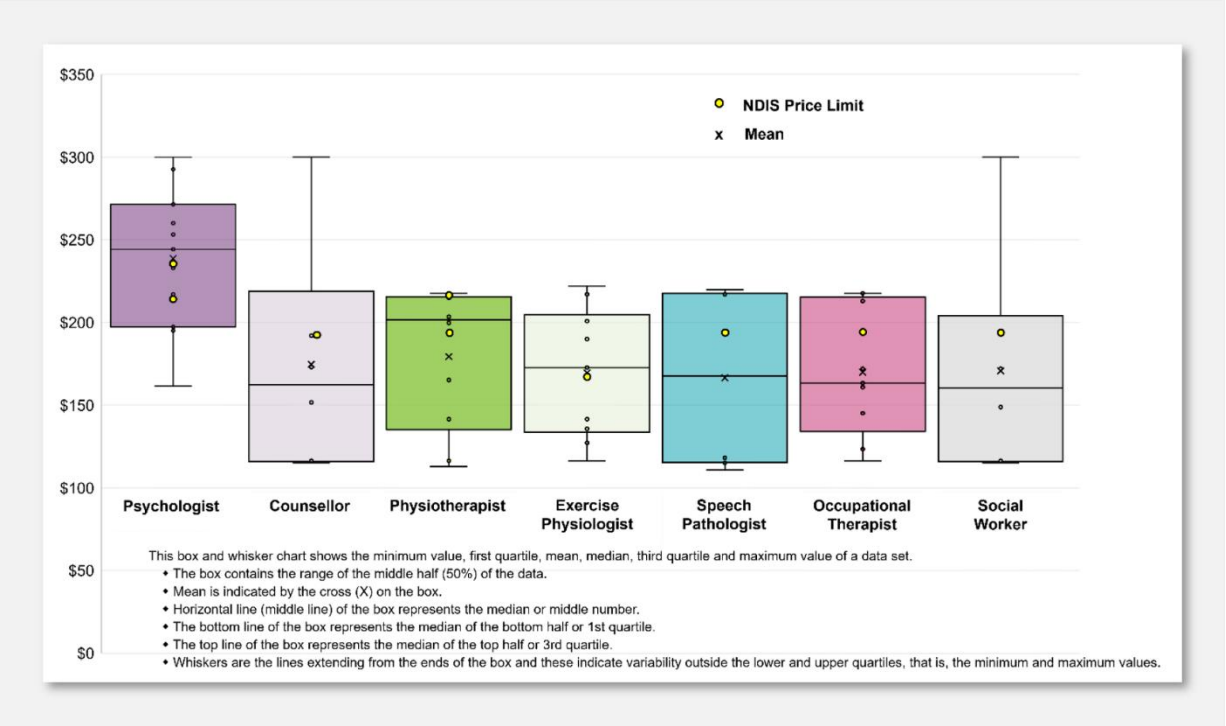
Table 6 | Hourly rates for physiotherapy as determined by the APR compared to reference methods, the APA survey data and data from one of Australia's largest health insurers

Question		25th percentile	Median	75th percentile
Survey data: Excluding the initial consultation, how much do you charge private patients per session? N=212 (converted to $/h)		$210.00/h	$230.00/h	$258.00/h
The APA reference PHI data (East Coast average)[22]: What is the 25th, 50th, 75th percentile claims/fees for a standard consultation (excluding initial), including high and low cut off (split by state)?		$192.50/h	$217.50/h	$236.50/h
Rate determined by the APR (East Coast)	PHI	$122.20/h	$136.00/h	$150.50/h
	MBS	$116.60/h	$116.60/h	$158.70/h
Rate determined by reference methods (East Coast)	Analysis of website listings	$182.00/h	$200.00/h	$240.00/h
	Comparison to other government schemes	$136.00/h	$202.00/h	$215.00/h

It is also noted that the APR misinterprets the comparative data from other government schemes by claiming that most physiotherapy hourly rate limits for comparable schemes fall between $140 to $190 per hour. However, APR report shows Figure 6 that the median hourly rate limit around $200 per hour and the 75th percentile is around $215 per hour which appears to contradict this assertion. The current hourly rate limit provided by NDIS sits between the 25th percentile and median, which is well below the 75th percentile.

[22] The private health insurer provided APA fees per session for percentiles at an increment of 10. To maintain conservative estimates, the 20th percentile and 70th percentile fee was used in this table for the 25th percentile and 75th percentile comparisons respectively. The assumption was made that the duration of a standard session was 30 minutes based on outputs of APA's provider survey (MS Excel file with the full questions and survey outputs can be obtained from APA on request. As such, the hourly rate was determined by doubling the session fee.

Figure 5: Comparison of NDIS Price Limits to other Government Schemes



Source: Figure 22 on page 81 of the NDIA's 2024-25 Annual Pricing Review

2.2 The data sources relied upon for the APR are too limited to generate robust and reliable NDIS price limits.

The APR relies on publicly available website data to identify session duration and associated prices and MBS fee data and a single PHI dataset to estimate private patient hourly prices. However, several limitations in this approach raise concerns about the reliability and representativeness of the data:

- **The interpretation of MBS Item 10960 within the Annual Pricing Review must be understood in the context of broader market dynamics:** It is widely acknowledged in the sector—though not yet formally validated—that MBS 10960 is frequently used in medical centres to fulfil the team care arrangement requirements that enable GPs to claim for the development of chronic disease management plans. These vertically integrated models streamline internal referrals and claiming processes, primarily serving the medical claiming budget rather than reflecting the complexity or duration of integrated allied health care. As a result, the service delivery data derived from MBS 10960 is skewed towards corporatised settings and does not represent the realities faced by independent providers, community clinics, or disability-specific services. The NDIA's reliance on MBS 10960 for disability support pricing risks embedding these distortions, overlooking the greater complexity, duration, and relational depth required in NDIS participant care. This concern is further reinforced by evidence that the APR's pricing outputs do not reflect real-world physiotherapy billing practices. For example, the APR's median session price of $58.30 implies widespread bulk billing, yet the APA survey data indicates that 83.5% of physiotherapists do not bulk bill. Additionally, reported session prices are, on average, 76% higher than those presented in the APR, as outlined in Table 7.

Table 7 | Comparison of MBS (10960) session fees estimated by the APR using MBS data and APA survey data

Method	25th percentile	Median	75th percentile
APA survey data (N=212)	$103	$118	$130
MBS (East Coast)	$58.3	$58.3	$88

- **Website data is not transparent:** Public listings often do not reflect internal pricing structures or MBS-specific arrangements. Many providers vary pricing based on the funding source (e.g. MBS vs. private billing), which is not always visible on websites and may misrepresent actual market prices and session durations for segments of the market.
- **PHI data is limited to one insurer:** While the dataset includes 830,021 physiotherapy claims, it is drawn from a single insurer. The review does not clarify if this insurer is representative of the broader PHI market, if it operates preferred provider programs that may suppress fee levels or if service types that could distort the interpretation of the rate for standard care, such as groups or classes, were included in the data. Data from the APA's reference insurer indicates that 30% of physiotherapy claims were made through preferred providers. If similar dynamics

apply to the dataset used by the NDIA, this could have exerted downward pressure on observed prices. In addition, the PHI data is based on HICAPS codes, which do not capture important contextual factors such as client type, service model, or complexity of care. This potentially limits the dataset's usefulness for informing national pricing decisions. In addition, as per section 2.1.2 the APR indicated an insurer-derived hourly rate 54.6% lower than data sourced by the APA from another major PHI organisation.

QUESTIONS TO GUIDE FURTHER EXPLORATION

- What types of services were included in the website scraping (e.g. 30 minute standard consults, 45 minute extended consults, extent of MBS session times, only follow-up sessions, home visits)?
- Did the PHI data used have sufficient national, urban/rural distribution, disability/general population and service model coverage, were standard consults separated from extended consults in the claims data?
- Was the insurer's preferred provider program considered in interpreting fee data?

2.3 The pricing method does not reflect the complexity involved in delivering disability supports

The NDIA's approach, which sets therapy price limits by referencing private market rates and MBS pricing, does not adequately account for the complexity of operating in the NDIS system. The benchmarking method assumes operational comparability across sectors, yet the realities of NDIS service provision appears to diverge significantly from these other sectors.

Feedback from sector stakeholders, including participants in the Deloitte Access Economics review, indicates that allied health services delivered under these alternative schemes typically involve lower complexity, fewer compliance requirements, and higher client throughput[23]. In contrast, NDIS providers operate under a set of different conditions that may impact service delivery and financial sustainability. The NDIA has acknowledged evidence of operator costs exceeding price limits, as documented in the NDIS 2022–23 Annual Pricing Review Report.

These difference conditions stem from the structural and systemic characteristics of the NDIS, which introduce challenges that can impact the efficiency of clinical practice. The nature of service provision within the scheme requires a more involved approach, due to the complexity of the system it operates within. For example:

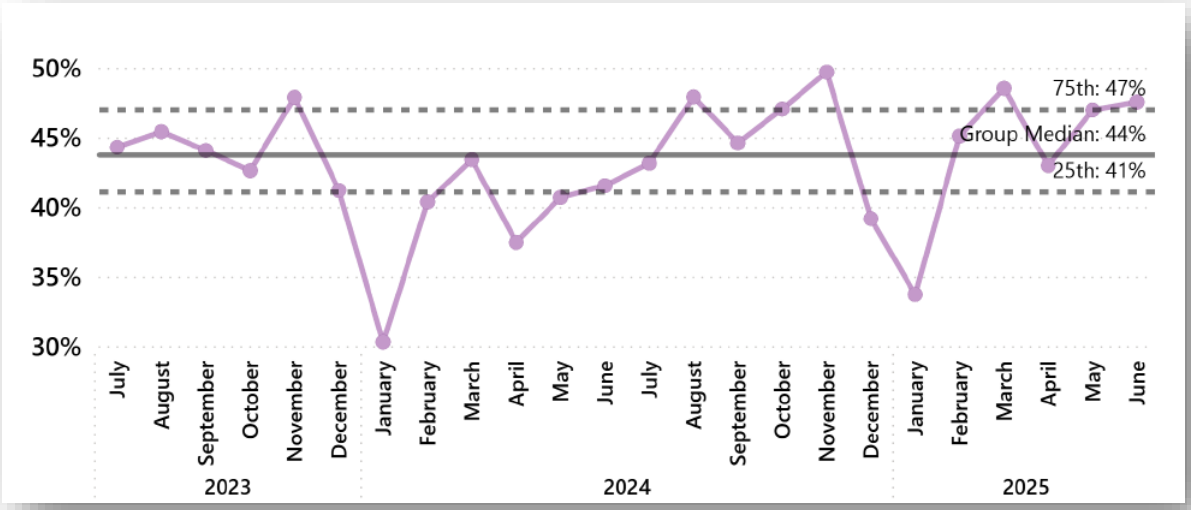
- NDIS therapy support often involves extended travel and circulation time that is non-billable.
- NDIS participants require additional preparation, documentation, and coordination across multidisciplinary teams

[23] Deloitte Access Economics (2023) NDIS Therapy Pricing Structures Options Analysis, developed for Ability First Australia and participating organisations from the Ability Roundtable and provided to the NDIS Review and the NDIA.

- NDIS has governance and compliance obligations, such as adherence to safeguarding protocols and audit requirements.

This system complexity reduces the time available for funded therapeutic engagement and significantly lowers productivity. This is situation illustrated in the findings from the Ability Roundtable, which shows consistently low billable productivity levels of among NDIS physiotherapy providers (Figure 6[24]). These levels are understood to be well below those expected by the market when compared to other the funding environments such as services within the of PHI and Medicare systems.

Figure 6 | Total billed time as a proportion of total paid time. July 2023 to Jun 2025.

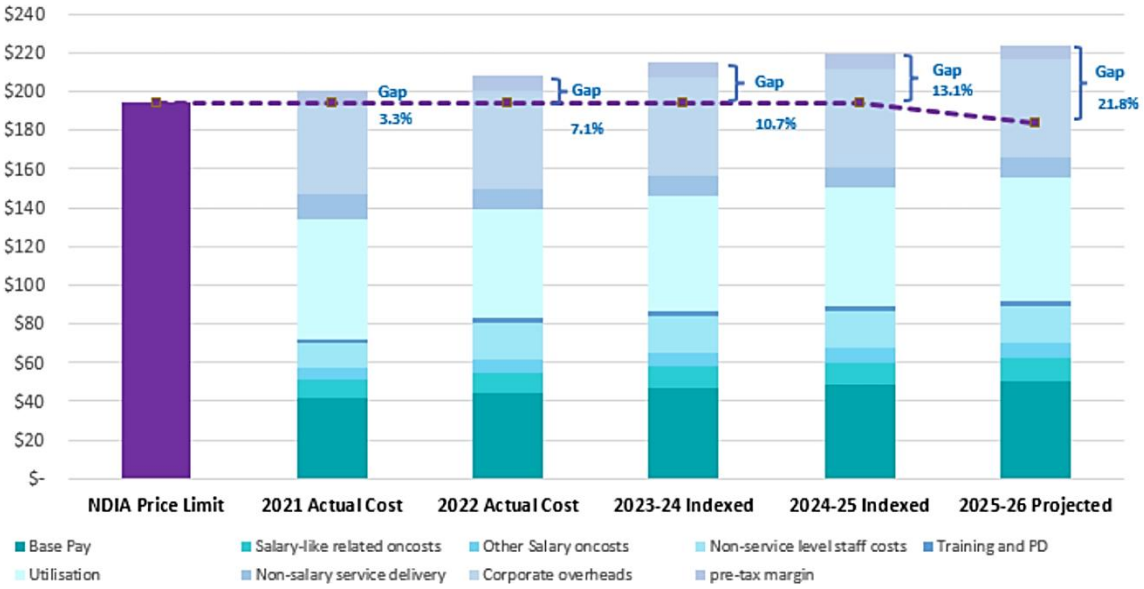


The apparent impact of the scheme's complexity on service delivery highlights the need for pricing models that recognise and account for the distinct operational realities faced by clinicians working within the NDIS. If these realities are overlooked, the funding framework is likely to systematically undervalue and underfund physiotherapy service provision within the NDIS.

The following cost breakdown developed by developed by the Ability Roundtable illustrates the apparent disconnect between current NDIS pricing and the actual cost of delivering physiotherapy services. Figure 7[25], shows the Ability Roundtable cost estimates have consistently exceeded the NDIA's price limit over the past 5 years, with the gap widening over time. The $10 price cut in 2025-26 expanded this gap, with projected costs over $220 per hour and exceeding the reduced NDIS price limit by nearly 22%.

[24] Ability Roundtable (2025), Therapy Insights, unpublished.
[25] Ability Roundtable (2025), Therapy Insights, unpublished.

Figure 7 | Ability Roundtable physiotherapy support hourly cost breakdown compared to the NDIS Price Limit (NSW, Vic, ACT, Qld) 2021 to 2025-26.



In addition, Nous previously supported the APA in modelling a sustainable and value-based hourly rate for standard physiotherapy sessions. That analysis identified a sustainable and value-based hourly rate of $261 per hour[26] based on sector sustainability, economic value, and service quality. It also identified additional premiums for experience, titling or equivalent, specialisation, and rural or remote service delivery to reflect the higher costs and/or value associated with these contexts.

Together, these estimates reinforce the need for a pricing methodology that reflects the unique service delivery profile of NDIS participants—characterised by lower utilisation rates, higher resource requirements, and more complex compliance obligations.

[26] Australian Physiotherapy Association (2025), Hourly rate for the provision of physiotherapy services

3 Alternative methodologies

Approaches to pricing in the short term and long term should be different as the most evidence-based approaches to pricing are likely to include data collection, cleaning and analysis that may not be plausible in the short term. Regardless, the approach should be well grounded in a set of agreed principles

We note the NDIA has in recent years moved towards a more data-driven approach and see this as essential to determining the hourly rates of services. However, we also know that leveraging data to determine prices requires cleaning and analysing data and the use of modelling assumptions. This is complex and often requires validation with stakeholders (e.g. data custodians, physiotherapists delivering services and practice managers responsible for managing costs and budgets).

Below we outline alternative approaches for how a pricing methodology could be leveraged for physiotherapy, or allied health more broadly, in the NDIS or other government schemes.

Foundational principles should underpin the pricing methodology

It is essential to articulate the foundational goals that should underpin any alternative methodology for pricing as adopted by other major pricing reforms (e.g. Independent Health and Aged Care Pricing Authority (IHACPA)[27]).

These could include:

- **Sustainability:** Supporting the ongoing viability of the sector, so that pricing arrangements do not inadvertently drive providers out of the market or undermine continuity of care.
- **Market alignment:** Avoiding pricing that distorts the broader allied health market, by ensuring NDIS rates are competitive but not so high as to significantly draw providers away from other sectors, including aged care and acute care.
- **Transparency and evidence:** Basing methodologies on clear, evidence-based processes, with all assumptions and data sources open to scrutiny.

Embedding these principles will ensure that any alternative pricing methodology delivers fair, sustainable, and market-responsive outcomes. This will help maintain sector viability and participant access, while supporting trust and transparency in NDIS pricing decisions.

3.1 Short term approach

The NDIA has already undertaken significant work to collect and benchmark market data, including the use of advertised website prices and comparisons to other compensable schemes. While these methods are not without limitations, our review suggests these would provide a more appropriate basis for pricing than the current regression-based methodology. We would also suggest

[27] IHACPA, Pricing Framework for Australian Public Hospital Services 2025–26

consulting with the data custodians and the sector on the assumptions used for analysing this data to ensure they capture the nuance of delivering supports through the NDIS or relevant scheme.

Building on this foundation, we recommend the following actions:

- **Benchmarking against website data:** Continue to utilise advertised private session prices and durations from provider websites to establish a more accurate picture of prevailing market rates for physiotherapy services.
- **Benchmarking against other schemes:** Maintain and strengthen the practice of comparing NDIS rates to those paid by other compensable schemes (e.g. State Insurance Regulatory Authority, Lifetime Care and Support and Comcare) to ensure alignment with broader market conditions.
- **Consulting with key stakeholders:** Consult with the data custodians and the sector (through peak bodies) on the assumptions used for analysing this data to ensure they capture the nuance of delivering supports through the NDIS or relevant scheme.
- **Reviewing insights from this report**: Review the insights from this report, particularly those related analysis of the APA survey of providers and additional PHI data and the alignment with existing APR benchmarking using website data and data from other schemes.

If the NDIA is open to reconsidering prices for physiotherapy in the second half of 2025-26, these approaches could be principally relied upon to inform the price limits. Although these measures may not capture the nuance of the physiotherapy market for NDIS participants, they represent a significant improvement over the current methodology and provide a more robust foundation for short-term pricing decisions.

3.2 Longer term approach

Looking ahead, a more sophisticated and sustainable pricing methodology should be developed. This approach outlined below blends detailed, bottom-up costing with reference pricing, ensuring that price limits are both reflective of actual service delivery costs and responsive to market signals.

1. Bottom-up costing

Historically, the NDIS undertook annual financial benchmarking surveys of disability service providers, which provided valuable insights into sector costs and informed pricing decisions[28]. These surveys, conducted over several years, collected detailed data from a representative sample of providers and set a precedent for evidence-based pricing in the sector.

Building on this foundation, a robust long-term approach should involve conducting periodic, statistically robust cost surveys of a representative sample of physiotherapy providers, stratified by geography, provider size, and service model. These surveys should be designed to capture all relevant cost components for both standard and extended sessions, including:

- direct labour (wages, superannuation, on-costs)

[28] NDIS, Financial benchmarking

- non-billable time (documentation, care coordination, travel, supervision)
- compliance and regulatory costs (NDIS-specific governance, safeguarding, audit)
- overheads (rent, IT, insurance, administration)
- workforce development (training, supervision, professional development)
- sustainable profit margin (to support reinvestment and sector viability).

By reinstating and refining such cost surveys, the NDIS can ensure that pricing remains transparent, evidence-based, and responsive to the actual costs of delivering high-quality physiotherapy services to participants. This approach is consistent with the methodologies used by IHACPA[29] in Australia and NHS England[30], all of which use bottom-up costing methods to ensure that prices reflect actual service delivery costs and remain aligned with broader market conditions.

2. Compare with reference pricing

To ensure that NDIS price limits remain competitive and do not create market distortions, bottom-up cost estimates should be validated against:

- Rates paid by government schemes that are more closely aligned in complexity and service demand (e.g. TAC, SIRA, ACC NZ).
- Prevailing private market rates (PHI, website listings).
- International benchmarks where relevant (e.g. NHS England, New Zealand ACC).

This triangulation helps avoid "cost-plus" drift and ensures that NDIS pricing does not inadvertently draw providers away from other sectors or inflate costs.

Establishing a long-term pricing methodology grounded in cost transparency and market validation will enable the NDIS to move beyond reactive adjustments and toward a stable, strategic framework. This will support long-term sector viability, foster investment in service innovation, and ensure pricing remains responsive to evolving participant needs and market dynamics.

[29] IHACPA, Costing overview
[30] NHS, Approved costing guidance

4 Recommendations

We recommend APA advocate to government on current physiotherapy price limits and find opportunities to collaborate with government to establish a sustainable pricing framework for the future .

The focus should be on realising the following key outcomes:

1 Review the 2025-26 pricing decision

Continue to advocate to the government to immediately review the decision to cut the physiotherapy price limit for 2025-26 by $10. This should be based on concerns of the methodology used to determine the price reduction and potential impacts on the sector and service access.

2 Reinstate use of 75th percentile of the true comparable market rate

Given commitments from the NDIA to use the 75th percentile of the prevailing market rate, it is unclear why it was not used in the recent APR. Our analysis suggests the true market rates lies between $215 and $259 per hour based on alternative methods. This may subsequently support the APA to advocate for a methodology that reflects the true market in 2025-26 and future financial years.

3 Review of changes to travel limits

While this report did not directly consider travel limits and differential jurisdictional pricing arrangements, the APA should consider including these related price settings in the advocacy on broader pricing reform, given the significant implications they have on ongoing community access to physiotherapy support for NDIS participants.

4 Embed sector input in ongoing pricing reviews

The APA should advocate for involvement of the sector as part of the annual review process for NDIS pricing, including physiotherapy providers, participants, peak bodies and advocacy groups.

5 Establish a transparent, evidence-based pricing method for the future

The APA should request a commitment from government for a transparent and evidence-based pricing methodology. This could include proposing alternative methodologies, to ensure prices reflect the true costs of delivering physiotherapy services under the NDIS and seek greater transparency on how prices are determined.

Appendix A Private health insurance claims data

Question 1: What is the 25th, 50th, 75th percentile claims/fees for a standard consultation (excluding initial), including high and low cut off (split by state)?

Breakdown by percentile fees:

Item: T505

Extraction period: 1st Nov 23 – 31st Oct 24

	State							
Values	**ACT**	**NSW**	**QLD**	**WA**	**TAS**	**NT**	**SA**	**VIC**
10th percentile	100	80	90	80	92	90	75	79
20th percentile	110	90	96	86	99	95	80	89
30th percentile	110	94	100	92	102	99	85	95
40th percentile	115	98	105	95	111.25	100	90	100
50th percentile	120	100	110	99	111.25	110	94.5	105
60th percentile	120	110	115	102	118	110	99	110
70th percentile	123	115	120	106	124.6	115	104	115
80th percentile	125	120	128	114	127	115	109	125
90th percentile	133	132	140	120	140	119	115	130

Question 2: What proportion of claims is from preferred provider programs?

	Network	Non-Network
Services	242,839	576,607
Distinct Person Count	78,342	187,184