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to mental health recovery

Dear Mental Health Inquiry Commissioners,

SUBMISSION TO THE PRODUCTIVITY COMMISSION INQUIRY (MENTAL HEALTH)

I make the enclosed submission in my role as Chief Executive Officer of Perth Clinic, a 101-bed/chair private acute psychiatric hospital in West Perth. Perth Clinic is Western Australia's largest dedicated private psychiatric hospital, and has operated for over 20 years.

1. Role of Private Psychiatric Facilities in Meeting Mental Health Need

The **Australian Private Hospitals Association** (APHA) has reported that in 2017/18:

- There are 65 private hospitals in Australia that provide specialist psychiatric care (dedicated psychiatric hospitals and others that provide mental health care).
- These include both dedicated private psychiatric hospitals and other private hospitals that have ward areas for psychiatric care.
- More than 40,000 people access these services each year.

ABS data (*Private Hospitals Australia, 2016/17*) indicates that in 2016/17, there were:

- 35 dedicated psychiatric hospitals in Australia
- these hospitals contained in that year 2,308 beds
- Private psychiatric hospitals treat patients with the full range of psychiatric illnesses including:
 - depression and affective disorders
 - anxiety disorders
 - psychotic disorders
 - post-traumatic stress disorders
 - alcohol and substance abuse
 - eating disorders
 - personality disorders
- While private psychiatric hospitals generally admit patients as planned admissions referred from the outpatient rooms of private consultant psychiatrists, some facilities also see and treat unplanned acute admissions admitted to the hospital following assessment by rostered on-call psychiatrists.



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- In both circumstances, private psychiatric hospitals help to relieve the considerable pressure on public psychiatric hospitals and community mental health services.

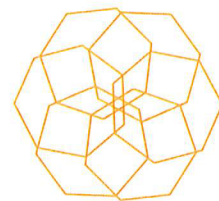
2. Importance of Current Reforms to Private Health Insurance

- In Australia at present, there are substantial Commonwealth reforms underway to the private health insurance sector.
- The most significant of these reforms is the simplification of product classifications into new tiers – Gold, Silver, Bronze and Basic – which aims to eliminate the bewildering array of health insurance products that existed previously.
- Within these tiers, certain mandatory clinical attributes align to each level of insurance cover.
- For example, it is mandatory under the new scheme for all Gold-level insurance policies to offer unrestricted psychiatric benefits provision to consumers who seek reimbursement for psychiatric hospital costs. This means that most evidence-based modalities of care that have a related Medicare Benefits Schedule (MBS) number will be covered by the insurer, including medical treatment and hospital accommodation fees associated with the admission.
- When introducing these reforms, the Federal Government also created a parallel mechanism whereby if a patient finds after implementation of the new Gold-Silver-Bronze-Basic scheme that they require psychiatric admission but this is not supported by their level of cover (i.e. they have Silver or lower cover), then they can on a one-off basis upgrade their cover to Gold and receive unrestricted psychiatric benefits at no penalty to wait times or access. This is a very welcome concession that allows people who may be unaware of their lack of cover for these services to gain cover at the time they need it most.

3. Other Recommended Reform Proposals

Extending unrestricted psychiatric benefits to Silver-Bronze and Basic tiers of product classification

- Currently, the product classification scheme for private health insurance only mandatorily requires insurers to offer unrestricted psychiatric benefits at the Gold level of products. While there is an option available to fund members of a one-off election to upgrade, extending the benefit to lower tiers would greatly enhance



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immediate access to services at private psychiatric hospitals and thereby relieve the public sector of considerable additional admitted patient demand.

Default benefit access for ambulatory (day) hospital programs and outreach/hospital in the home services

- Currently, unless a private hospital operator holds a Hospital Purchaser Provider Agreement (HPPA) with a health insurer that expressly recognises their day hospital programs and alternatives to hospital care (e.g. hospital-in-the-home / outreach), these services are not covered by the default benefit arrangements that exist for admitted (day and overnight) patient care.
- While it is acknowledged that inclusion of innovative service models in HPPA agreements between hospitals and health insurers results in quality and safety considerations and good clinical governance all being considered, access to default benefits (which are available for admitted patient care – both day and overnight) would overcome the reluctance of some health funds to provide at least a basic remuneration to hospitals for these wider service models.

Restructured MBS Items

- Private hospitals often utilise doctors who are not consultants (such as vocationally trained GPs) for the initial physical health assessment and mental state assessment of patients being admitted to hospital. Unfortunately, the relevant Medicare Benefits Schedule items do not provide for an out of hours weighting of the fees for attendance that might make it more attractive for GPs to attend patients who come into hospital as unplanned admissions at these times. This would be a useful measure for encouraging medical attendance at private hospitals, and support private hospitals to make innovative service arrangements that are appropriately remunerated to meet the needs of patients who may be in crisis and need to be admitted out of hours.

Thank you for giving consideration to the information herein.

Yours sincerely,

Dr Glen Power
Chief Executive Officer, Perth Clinic

20/12/2019