

Mental Health Inquiry
Productivity Commission
GPO Box 1428
Canberra City ACT 2601

Wednesday 29 January 2020

To Whom it May Concern,

On behalf of the Chief Executive John Van der Wielen and HBF, I would like to thank you for requesting HBF Health Ltd make a written response following our presentation at the Mental Health Productivity Commission public hearing.

HBF History

The Metropolitan Hospital Benefit Fund was established in 1941 to help Western Australians cover the cost of hospital treatments. In 1945 coverage was extended to all WA Hospitals and our name changed to Hospital Benefit Fund. In 1983 general insurance products for home and car were added to the fund and in 2000 the name was shortened to HBF. In 2015 we consolidated our small regional holdings into HBF group and a year later merged with Health Guard to become HBF Health Ltd.

HBF has enabled generations of Western Australians to access the best quality healthcare and as a not for profit insurer, the health and wellbeing of our members is our overriding concern.

We are proud to be WA's leading health insurer. Currently, a million Western Australians place their trust in HBF as their health insurer. This is a powerful statement as to the role HBF needs to continue to play and the community recognition of the role we have played over the past 79 years. We aim to delivery services to our members in the moments that matter. Improving the journey for members who are living with mental health issues, through what is a complex health system, is of critical importance to HBF. Particularly at a time when members may be under greater stress or experiencing mental health issues and other health issues concurrently.

Consistent with our purpose, we believe that through HBF we have a unique responsibility to speak and act on all issues that impact our members health, and the broader Western Australia (WA)s community and are therefore keen to play a role in understanding and addressing the largely hidden costs and broader health impacts arising from or resulting in of mental health issues. There are a many health factors, such as acute or chronic health conditions; caring for a family member; rare diseases; and socio-economic determinates that contribute to mental health issues and which in turn may also impact their physical health.

Similarly, HBF recognise the burden experienced by the person living with the mental health issues, is not confined to the individual. The mental health burden and concern also extends to their family, friends, workplace and wider community. Consequently, a more holistic view and comprehensive, person centred system is an imperative.

Consequently, HBF is expanding the scope of health services under a new comprehensive Health Strategy, that will link with a Health Services Strategic Roadmap and a Community Connected Strategy. Further to this, HBF launched our first Community Engagement Partnership program and more recently established Health Innovation Fund to ensure we have a range of tools and the agility to help influence the introduction of new knowledge into the WA health system.

In relation to the Productivity Commission Draft report I would make the following comments as they pertain to section **24.5 Private Health Insurance**.

Health funds in Australia are experiencing a decline in participation rates. This trend has been occurring over a number of years; and a number of factors are understood to be contributing to this decline. Briefly, Private Health Insurance (PHI) members identify premium affordability as the main reason for switching or leaving a fund and features as the dominant barrier to uptake. The decline in PHI rates put further pressure on the excellent public health system when they access services. HBF strives to preserve this balance between the private and public sectors to ensure a sustainable health system for all.

HBF supports funding the most appropriate care for members at the most appropriate time in the most appropriate setting under the most appropriate product. This includes funding services out of hospital to avoid unnecessary admissions. The challenge for health funds is to ensure that any further opportunities to fund services outside of the hospital setting are substitutive and not additive. This promotes members being able to access more affordable solutions for the same or better health outcomes.

HBF would support expanding the PHI funding rules associated with 'hospital substitute' treatment in relation to Medicare funded out-patient services. However, this needs to be balanced with affordability and the member value of the service. It would not be in the interest of the member, or the PHI fund, if the regulatory change encouraged utilisation growth. For example, if regulatory approval for funding services in a more appropriate and affordable setting under the hospital product, encourages an increase in the use of these services for patients who would otherwise not have required a hospital admission. Consequently, there needs to be clear guidance on the acuity of the patient care under the hospital product to mitigate the risk of utilisation growth, which would unnecessarily increase claims costs and negatively impact the affordability of the PHI product.

Our commitment is to ensure that our sickest patients received the care they need in more appropriate settings. Consequently, HBF recommends that the PHI industry review the Guidelines for Determining Benefits for PHI Purposes for Private Mental Health Care 2015. Health Funds refer to these guidelines in determining funding for mental health services. It would be beneficial for the industry to agree on how any proposed changes would impact the program effectiveness guidelines. A review of the guidelines would also allow the industry to agree on what constitutes an appropriate hospital admission - consequently guiding what patients would optimally benefit from hospital substitute treatment.

Finally, HBF would support the introduction of chronic disease management programs to better meet the mental health needs across the continuum of care for certain cohorts of patients. To ensure that evidence based, patient centric programs can be made available for members, HBF supports the suggestion that a wider variety of providers such as mental health nurses, be included in the provision of chronic disease management programs. We are also exploring with clinical experts, patient support groups and people living with mental health conditions the value of more peer support programs, and co design of programs.

Once again thank you for the opportunity to make this brief submission.

Yours faithfully

Professor Hugh Dawkins
Chief Health Advisor