

22.01.2020

Productivity Commission  
Via electronic lodgement

Dear Productivity Commission,

Thank you for the opportunity to comment on the draft report on Mental Health.

Medibank welcomes the recommendations made in the draft report, which on balance will realise improvements to Australia's mental health system.

As the Australian Institute of Health and Welfare recognises, over \$500 million in mental health services are funded annually by private health insurance. Importantly, the proportional share of mental health services funded by private health insurance is growing, from 4.1 per cent of national mental health expenditure in 2012-13 to 5.6 per cent 2016-17. There is a clear imperative to ensure the mental health system delivers optimal outcomes for patients in the face of growing demand pressures.

The challenge will be to achieve implementation of the recommendations that will deliver consequential changes to the fundamentals of the mental health system, including changes to the funding model and greater service coordination.

Medibank makes three substantive comments on the draft report:

- Recommendation 24.5 is supported. A review of the regulations that prevent private health insurers from funding community-based mental healthcare would, at the very least, result in closer consideration of the potential ways private health insurance can contribute to better mental health outcomes for Australians and our collective health system.
- Potential policy changes require careful consideration of the interaction between the various components of the health system and this should be a core concern of the final report. As such, it is important to recognise that changes to the private health insurance system can result in unintended detriment rather than improvement to mental healthcare (and vice versa). For example, poorly considered changes to the Australian Government rebate are likely to make private health insurance more expensive for families, thereby reducing coverage and the scope for private health insurers to deliver mental health services. Private health insurance must also not be regarded as the panacea to Australia's mental healthcare challenges.
- Further consideration should be given to the efficacy of the current diagnosis and treatment pathways for mental illness. The draft report does not, for example, consider misdiagnosis rates, which are important to validating recommendations for any improvements and/or new MBS items for diagnosis and therapy (such as recommendations 5.1, 5.4 and 5.7). More consideration also needs to be given to alternative treatment models, such as home and community-based treatment for people with psychiatric illness. One of the reasons why many people with mental health conditions present to hospital frequently is the lack of intensive out-of-hospital support for people with moderate to severe psychiatric illness. This is an issue that requires much greater consideration in the final report.

Mental health issues are invariably complex, but unfortunately the health system is equally complex and fragmented. The complexity and fragmentation of the health system contribute to mental health issues being perceived as a social stigma and inhibit the capacity of affected individuals (and their families) to both understand and access healthcare options and to receive effective treatment over time.

The final report from the Productivity Commission should result in clearer, more coordinated, and more accessible pathways for managed mental healthcare – an outcome that will allow mental illness as both medical condition and social stigma to be more effectively tackled.

Thank you again for the opportunity to comment on the draft report.

Should you have any questions, please contact Medibank's Head of Government Relations, Dr Mark Roberts

Yours sincerely,

Craig Drummond  
Chief Executive Officer