

## MEDICARE MENTAL HEALTH - ECONOMIC ARGUMENT – 7<sup>th</sup> June 2019

Medicare is being reviewed and presently mental health is on the agenda. The Australian Psychological Society (APS) sent a proposal to the Medicare Benefits Scheme (MBS) review committee last year and most of the recommendations were agreed to by the Mental Health Reference Group (MHRG). However, one of the main recommendations that there was no consensus on was the debate about a one tier rebate for the same service provided by different types of psychologists. Presently we have a two-tier rebate, where there is a 47% difference in rebate between General and Clinical psychologists for the same service. Clinical psychologists have two years extra university training for complex psychiatric illness which represents approximately 2% of mental health illness. However, Clinical psychologists have been attending to general mental illness since 2006, now called Level 1 & 2, and receiving the higher rebate for the same service that General Psychologists are registered to provide. The literature does not support any difference in outcomes between General and Clinical Psychologists:

*"Patients who received care from clinical psychologists and registered psychologists showed shifts from moderate or severe levels of depression, anxiety and stress to having normal or mild levels of these conditions (as assessed by the DASS-21). These outcomes are of a similar level of magnitude to those experienced by patients who receive care from psychologists through the Access to Allied Psychological Services component of the Better Outcomes in Mental Health Care programme [9], and to those experienced by patients who receive care through the virtual clinic operated by the Clinical Research Unit for Anxiety and Depression (CRUfAD) [Andrews G: personal communication]. They also correspond with the sorts of effects seen by major primary mental health care programmes overseas, such as the Improving Access to Psychological Therapies (IAPT) initiative in the UK [10]." (p.737) <sup>1</sup>*

General Psychologists can also include those with Masters, Doctorates and training special areas like ADHD, Autism, Borderline Personality Disorders, PTSD and so on.

This issue has caused a serious divide in the profession. Thousands of concerned psychologists wrote personally to the Health Minister as they felt the APS was not supporting them. It was the only way they felt they could be heard. However, the government has indicated that they are not interested in solving or being involved in the debate.

As a result of the Mental Health Reference Group's (MHRG) inability to reach consensus on the issue, Minister Hunt passed the review onto the Productivity Commission. This paper directs its message directly to the economic burden this has caused for the Government and the inequity for clients seeking help.

The APS informed Minister Hunt that they would come up with a solution via a consultative process over several months with its membership, and other stakeholders, led by an APS MBS Committee of 20 members including APS members, consumers and an economic consultant. However, they could not come to consensus either. As a result, the issue was passed onto the APS Board which is imbalanced in its membership with five Clinical Psychologists and only two General Psychologists although General Psychologists represent 16,000 of the 24,000 membership. It is claimed that the Board endorsed the present White Paper released yesterday, however, with the balance in favour of Clinicals, and majority rather than consensus voting, the endorsement went through much to the disappointment of General Psychologists who feel they have not been represented by their Society. I believe they are now looking at class action.

As the Managing Director and business owner of a Mental Health Service the White Paper's inequity for clients troubles me greatly with a proposed difference of 70% between General and Clinical Psychologists rebate, now also including other psychologists with Areas of Practice Endorsement (AoPE) (eg Clinical and Counselling). They propose that they are specialists in certain areas, now labelled Level 3 in the Stepped Care Model with criteria of: nature of illness (5 noted); expertise of

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<sup>1</sup> Pirkis, J., Fianou, M., Williamson, M., Machlin, A., Spittal, M. J., Bassilios, B., & Harris, M. (2011). *Australia's better access initiative: An evaluation*. Australian and New Zealand Journal of Psychiatry, 45, 726-739.

psychologist; need of client; and attract a higher rebate and clients will be given up to 40 sessions instead of the 10 presently available. Fair enough.

However, these AoPE's will also continue to provide services to Level 1 and 2 which is also fair enough, but also want to continue to attract the higher rebate on these levels. This would be akin to a Medical Specialist working in a General Practice but attracting Specialist rebates. It simply does not make sense that the Government has allowed this to happen and continues to allow this to happen. This inequity has cost the Government millions of dollars and in terms of representation is fraudulent and caused clients less opportunity to seek the services they need.

This has caused several problems over the last 13 years since Medicare for Mental Health was introduced (2006):

1. Clients who are under financial strain seek to see the psychologist who attracts the highest rebate, causing long waitlists with clinical psychologists, and clients being unable to be attended to when they need.
2. As a result, General Psychologists often do not have enough clients as they attract a lower rebate, yet half of the 43% of Australians with mental health issues do not seek help.
3. Clinical Psychologists can bulkbill as their rebate is 47% higher than General Psychologists, who cannot afford to run a business bulkbilling. With a rebate of \$84.80 (as opposed to Clinical rebate of \$124.80) and 60% costs, this leave only \$33.92 per hour long session. Clearly, they cannot afford to employ psychologists at this rate.
4. Cost to the Government. The proposed difference in rebate is 70%. Considering that 1 in 5 Australians seek mental health care per year this represents 20% of the population. If for example some psychologists attract a rebate of \$170 and psychologists with general registration attracts a rebate of \$100 there is a \$70 overspend per session for the same service. This will equate to an excess spend of millions of dollars by the government for a service that can be adequately provided for by general psychologists who are all registered to practice psychology with AHRPA and PsyBA.

**There are two solutions.**

1) that Clinical or AoPE's stick to their Level 3 clients only who do need specialist care and who are usually unemployed so do need the higher rebate or

2) that Clinicals or AoPE's see Level 3 at the higher rebate and see Level 1 & 2 clients attracting the same rebate as seeing other psychologists in Level 1 and 2. This would provide more services to the community and cost savings to the Government.

Attached is an economic demonstration of this.

Regards

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**ECONOMIC ARGUMENT:**

Present cost for 1000 clients for the same service in Level 1 and Level 2 for one session

Type	Rebate	Cost	Who?	Number of clients	Cost
Psychological Therapy	Lower	\$ 84.80	General psychologists including AoPE's	500 clients	\$ 42,400.00
Psychological Therapy	Higher	\$ 124.50	Clinicals	500 clients	\$ 62,250.00
		47% difference		TOTAL	\$ 104,650.00

Cost if there was one rebate for 1000 clients for the same service in Level 1 and Level 2 for one session

Type	Rebate	Cost	Who?	Number of clients	Cost
Psychological Therapy	Lower	\$ 84.80	All Psychs	1000 clients	\$ 84,800.00
				DIFFERENCE	\$ 19,850.00

A difference of \$19,850 would cover the services for another 234 clients per 1000 clients 234

If we times this by 1000 = 1 million clients - this would be:

Total present	\$ 104,650,000.00
Total on same rebate	\$ 84,800,000.00
DIFFERENCE	\$ 19,850,000.00
approx 25% extra clients	234,080

**INCREASE NECESSARY**

The Medicare rebate needs to be increased of course as it has been frozen for some years, and it is not financially viable for General Psychologists to run a business by bulkbilling clients. The APS in their previous green paper proposed a 70% difference between General and AoPE's. If Medicare rebates for General Psychologists were increased to \$124.50 per session this would mean that AoPE's would be \$211.65 per session

**EXAMPLE 1 - Proposed cost for 1 million clients with two tier rebates for the same service in Level 1 and Level 2 for one session**

Type	Rebate	Cost	Who?	Number of clients	Cost
Psychological Therapy	Lower	\$ 124.50	General psychologists	500,000 clients	\$ 62,250,000.00
Psychological Therapy	Higher	\$ 211.65	Clinicals and AoPE's	500,000 clients	\$ 105,825,000.00
		70% difference		TOTAL	\$ 168,075,000.00

**EXAMPLE 2 - ECONOMIC COST SAVING PROPOSAL COMPARISON**

EXAMPLE FOR LEVEL 1 & 2 - Because of the inability to bulkbill and run a business for General Psychologists a fairer option would be to bring the rebate for General Psychologists up to the present rebate of Clinical Psychologists = \$125; and for Clinicals to remain at the same = \$125 - In Level 1 and 2 enabling all psychologists to bulkbill. Clinicals and AoPE's would of course attract the higher proposed rebate for Level 3 clients.

Type	Rebate	Cost	Who?	Number of clients	Cost
Psychological Therapy	Same	\$ 124.50	All psychologists	1,000,000	\$ 124,500,000.00
				SAVING DIFFERENCE	\$ 43,575,000.00

**BENEFITS**

Divided by \$124.50 =

1 - All clients could access psychological services through bulk billing and per million extra clients would equal an increase in clients seen by 35%

Extra clients seen for the same investment for the same service =

**350,000**

2 - Many clients could be bulkbilled without having to pay a gap, providing accessibility to everyone.

Note: Psychologists can still charge a gap if they wish but with this more equitable model, many clinics could remain open as it would be viable to keep afloat even if bulk billing. Eg \$124.50 less 60% costs = \$48.90 per hour which enables them to employ psychologists (approx \$80,000pa).

These examples are given on only 1 million clients - Consider the benefits, as an estimated 45 per cent of all Australians experience a mental illness in their lifetime, and that less than half access treatment.