



Bupa Comments

Productivity Commission Draft Report: Mental Health

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Summary

Bupa welcomes the opportunity to provide comments on the Productivity Commission's Draft Report on Mental Health ('Draft Report').

Bupa is committed to improving the health outcomes of its five million Australian customers. As the country's largest health insurer, we want our customers to have affordable access to the right care, at the right time, in the right setting.

When it comes to mental health, we want our customers' preferences and clinical needs to be reflected in the care they receive, and for them to have access to services that are provided in the right setting and integrated across providers. Most importantly, we want the focus to be on the best possible mental health outcomes in an environment of choice and affordable care.

Bupa commends the Productivity Commission on its comprehensive Draft Report which has stimulated debate about how Australia is best able to address the social and economic impacts of mental health.

In particular, we support:

- Draft Recommendation 24.5, which addresses changing the regulations that prevent health insurers from funding community based mental health care. Bupa is currently conducting and evaluating pilot programs for community based mental health care.

There are some recommendations where we think consideration also needs to be given to the services funded by health insurers, particularly:

- Draft Recommendation 22.5, which states that a robust culture of evaluation should inform the allocation of public funds across the mental health system. We believe this robust culture of evaluation should also be extended to allow health insurers to 'test and learn' as policy is developed and programs for community based mental health care are rolled out.
- Draft Recommendation 24.1, which recommends flexible and pooled funding arrangements, also applies to the funding arrangements that apply to health insurers. Bupa wishes to move to more flexible funding arrangements, particularly from a fee for service arrangement dominated by paying for inpatient admissions to paying for value and outcome in the right setting.

Other recommendations we particularly support:

- Draft Recommendations 17.1 to 18.3, which focus on early intervention and prevention in early childhood and young adults, including international students.
- Draft Recommendation 25.0, which states that a clinical trials network should be established.

The Draft Report is already helping to inform Bupa's work in a meaningful way:

- We are actively working on how we, as a health insurer, can support customers experiencing moderate to complex mental health conditions in community settings as well as the regulatory reform required to support such innovative models of care; and
- The Bupa Health Foundation's current \$1 million funding round is dedicated to research to improve the mental health and outcomes for children and adolescents across health, education and social service settings.

Bupa strongly recommends that in finalising its inquiry into mental health, the Productivity Commission further investigate how current mental health services can be provided, funded and organised more effectively to achieve improved health outcomes, including the services paid for by health insurers. Existing services are provided through the public system, this includes inpatient and community services as well as the private hospital sector and the community and primary care sector. The funding, organisation, ownership and governance is complex and not well documented or understood by policy makers or consumers and this could be a productive area for further inquiry for the Productivity Commission.

General comments: How mental health services can be provided, funded and organised more effectively to achieve improved outcomes

Bupa reiterates the case for change put forward in its original submission regarding the provision, funding and organisation of mental health services.

For people navigating the mental health system, the pathway is complex. Mental health services are fragmented and uncoordinated, delivered and funded by multiple levels of government as well as the private sector and out-of-pocket costs to consumers. The governance and accountability of the system lacks transparency.

Too often, the focus is on inputs rather than the outcomes that matter to consumers, their families and carers. Services are not delivered in a timely manner, in silos and nor are they responsive to consumer needs or preferences.

There are also inadequate community-based services for people with moderate to complex mental health conditions. Inpatient care has become the model of choice even when it might be more appropriate to provide care in the community. As discussed below and noted in *Recommendation 24.5*, the current regulatory barriers that prevent health insurers from funding the non-hospital sector to provide community-based services as an alternative to a hospital admission need to be updated.

The mental health care system is in drastic need of an overhaul with a view to permanent change. Provision of mental health care requires a unique approach due to the burden, complexity and scope of mental health services and its interaction with other comorbidities. The opportunity is, therefore, to undertake reform that delivers support, care, treatment and follow-up in the most appropriate setting, and which aligns to consumer preferences. This requires a funding model that follows the individual and caters to their unique requirements and preferences.

DRAFT REPORT VOLUME 1, PAGE 24: INPATIENT BEDS FOR ALL WHO NEED HOSPITALISATION

The demand for acute inpatient mental health beds would be reduced by: measures that prevent people's conditions deteriorating to the point where they need acute hospital care; and by accommodating more people with persistent, severe and complex mental illnesses in community treatment and residential care, so that these people can live in the community, instead of having to remain in an acute hospital bed for extended periods

Bupa agrees with the Commission's view on the current situation with inpatient beds in the mental health sector. As an insurer, we see a large cost differential between inpatient and community-based treatment, even though the more costly inpatient treatment is not always the most clinically appropriate treatment setting.

In recent years, there has been a significant increase in the supply of mental health beds in the private sector, which has seen mental health outlays grow at a faster rate than overall private health fund claims growth. This is driven by factors that include fee for service payments, incentive structures for psychiatrists to treat in hospitals, high out-of-pocket costs for treatment outside of a hospital setting combined with the current regulatory environment which restricts health insurers paying for community treatment provided by the non-hospital sector. Private hospitals also receive default benefits when a customer is admitted for overnight stays.

Bupa spent over \$220 million in 2018 for hospital and other benefits relating to mental health:

- Compared to 2017, total benefits increased 15% per member for overnight episodes compared to 11% for same day and out-reach programs and 5% for ancillary mental health services
- Between 2016 and 2018, 90% of the benefits paid for mental health claims were for inpatient services

Other data¹ shows the continuing investment in private hospital beds at the expense of access to treatment in non-hospital community settings

- About 30% of all specialised mental health beds in Australia are in the private sector and 28% of episodes of specialised psychiatry care are funded by private health insurers
- The average annual rate of growth of private psychiatric beds in the five years between 2012 and 2016 was a 5.5% increase in private psychiatric beds per 100,000 population
- Over the same time there was a 3.6% average annual increase in length of stay for mental health overnight episodes (excluding same day) in the private hospitals

Bupa encourages the Commission to give more thought to how:

- Mental health support, treatment and funding can be more responsive to individuals' needs and preferences including the services paid for by health insurers
- A shift in focus to the quality of treatment outcomes can be made, in other words, a fundamental change in the funding model away from fee for service and towards paying for outcomes
- The system can be redesigned to provide integrated services across a continuum of care, rather than the currently fragmented service provision across multiple levels of government and individual service providers
- The incentives across the system can be aligned to incentivise increasing capability and capacity in the community sector, particularly the services paid for by health insurers that are heavily reliant on paying for services provided by private hospitals and as inpatients with increasing lengths of hospital stay

¹ <https://www.aihw.gov.au/reports/mental-health-services/mental-health-services-in-australia/report-contents/specialised-mental-health-care-facilities/mental-health-beds-and-patient-days>

Review of PC draft reform objectives and recommendations

DRAFT RECOMMENDATION 18.2 – STUDENT MENTAL HEALTH AND WELLBEING STRATEGY IN TERTIARY EDUCATION INSTITUTIONS

The Australian Government should amend the Higher Education Standards Framework (Threshold Standards) 2015 and the Standards for Registered Training Organisations (RTOs) 2015 to require all tertiary education institutions to have a student mental health and wellbeing strategy.

Bupa is a significant funder and coordinator of overseas student health care through insurance coverage. International students are an important export earner for the Australian economy.

Entering university is a major life transition, even more so for international students who have additional pressures to deal with such as culture shock, social isolation and discrimination to name a few. International students are potentially more vulnerable to mental health problems due to these additional stresses. Higher rates of mental health issues are potentially experienced by this group of students.

Bupa has collaborated with a number of partner Universities to better understand the needs of international students particularly around mental health. A major research project was undertaken by the University of Melbourne and funded through the Bupa Health Foundation. The project “Towards a Health Promoting University” surveyed the local and international student population across a comprehensive range of health and wellbeing domains. The results of this project have just been completed and we would be happy to share these with the Commission.

DRAFT RECOMMENDATION 24.5 — PRIVATE HEALTH INSURANCE AND FUNDING OF COMMUNITY-BASED HEALTHCARE

In the short term (in the next 2 years)

The Australian Government should review the regulations that prevent private health insurers from funding community-based mental healthcare with a view to increasing the scope for private health insurers to fund programs that would prevent avoidable mental health-related hospital admissions.

Bupa strongly supports *Draft Recommendation 24.5*. As stated in our original submission, a significant structural weakness inherent in the current health care funding system relates to the inability of private health insurers to support their customers experiencing moderate to complex mental health conditions outside of a hospital setting, where clinically appropriate.

This occurs because the current legislation and rules applying to what private health insurers can fund as an alternative to in-hospital care are outdated, are generally limited to funding care provided by the private hospital sector as part of ‘hospital treatment’ and not appropriate to the treatment of mental health conditions which occur, and recur, along a continuum.

The removal of restrictions that require the direct involvement of a hospital in an out-patient setting would enable health insurers to fund clinical care and build capacity in local community settings outside of hospital, which in many cases is the most appropriate setting for treatment of moderate to severe mental health issues. Widening the definition of ‘pilot programs’ would also enable greater ability to test and learn. Changes to the regulatory environment such as this would assist in taking mental health care out of costly hospital settings, where clinically appropriate, which is a critical driver of the increased cost of private health insurance.

Updating the Private Health Insurance (Health Insurance Business) Rules (Business Rules) could enable insurers to, among other things create a 'Mental Health Care Program' within the general treatment category similar to Chronic Disease Management Programs.

This point was also made by Private Healthcare Australia who highlighted that the exclusion of general practice in chronic disease management programs (cl. 12, the Business Rules) is contrary to accepted medical practice in Australia. However, we think that as the Productivity Commission notes 'the treatment of mental illness has been tacked on to a health system that has been largely designed around the characteristics of physical illness'. Therefore, we would prefer a specific approach that would allow insurers to fund the right care that achieves the best outcomes and in the right setting.

Bupa anticipates deregulation will enable health insurers to test various clinical models and learn what achieves the best possible mental health outcomes in an environment of choice and affordable care. To date, insurers have only been able to undertake such programs as approved trials that are limited in scope and duration (for example, Bupa's Mind Care Choices program). Greater innovation, direct investment and support for capacity building within the mental health community sector is anticipated to be an outcome of the recommended deregulation.

We strongly encourage the Productivity Commission to maintain this recommendation in its final report.

PART IV EARLY INTERVENTION AND PREVENTION

Early childhood reform objective: Better use of childhood services to identify and enable early intervention for social and emotional development risks

Young adults form objective: Environments in which young adults can remain engaged and mentally well

Bupa strongly supports the recommendations that focus on early intervention and prevention.

The Bupa Health Foundation's current \$1 million funding round is dedicated to research to improve the mental health and outcomes for children and adolescents across health, education and social service settings. The Draft Report pointed out the need for increased prevention and early intervention in the schooling years to address emerging mental health issues and prevent lifelong effects. The Foundation has been informed by this finding in setting the focus for this year's research funding. It builds on last year's million-dollar funding for two flagship projects both focussed on youth mental health:

- Best Care First Time – Digitally supported care pathways for young people undertaken by the Brain and Mind Centre Sydney University
- Follow my Journey – Evaluate and improve mental healthcare taking account of consumers particularly young people undertaken by the Central Coast, Wide Bay, Sunshine Coast Primary Health Network.

DRAFT RECOMMENDATION 22.5 — BUILDING A STRONGER EVALUATION CULTURE

A robust culture of program evaluation should inform the allocation of public funds across the mental health system to ensure that they are deployed most efficiently and effectively.

Draft Recommendation 22.5 states that a robust culture of evaluation should inform the allocation of public funds across the mental health system. We believe this robust culture of evaluation should be extended to allow health insurers a more iterative and agile environment to ‘test and learn’ as policy is developed and programs for community based mental health care provided by the non-hospital sector are rolled out.

Across the private hospital sector there are a large number of day programs funded by health insurers for their customers. They have various entry criteria, deliver varying interventions over varying lengths of time. There is limited information for insurers and their customers on the quality and comparative cost-effectiveness of these programs.

The current environment that allows health insurers an exemption from community rating when conducting and evaluating a pilot project is also very limiting. For example, currently general treatment rules need to apply when new programs are tested. As insurers explore the best options for deregulation in a complex market it would be helpful to allow specific exemptions to the general treatment rules under the Complying Product rules.

DRAFT RECOMMENDATION 24.1 — FLEXIBLE AND POOLED FUNDING ARRANGEMENTS

MBS-rebated and regionally commissioned allied mental healthcare should be funded from a single pool, and commissioning agencies should be able to co-fund MBS-rebated allied mental health professionals. State and Territory Government agencies should be permitted to co-fund MBS-rebated out-of-hours GP services where this will reduce mental health-related emergency department presentations

Bupa recommends that the scope of this recommendation is widened as the need for flexible and pooled funding arrangements also applies to the funding arrangements that health insurers may wish to enter into in order to create an environment of choice, affordable care, in a sustainable manner for those Australians who have health insurance.

Bupa data shows that many people are taking up health insurance products or using the mental health waiver in order to access affordable treatment for their mental illness. Data from AIHW also shows that over 50% of patients treated with inpatient specialised psychiatric care with recurrent depression, alcohol use, dissociative disorders, eating disorders and obsessive-compulsive disorders were treated in private hospitals in 2016-17. Most of these would have been funded by health insurers. Bupa data also shows that approximately 20% of episodes of inpatient care paid for from 2016-2018 occurred in public hospitals.

Bupa wishes to move to more flexible funding arrangements, particularly from a fee for service arrangement dominated by paying for inpatient admissions, with high readmission rates (Bupa data shows a sixteen percent 28- day readmission rate between 2016-2018), to paying for value and outcome for customers in the right setting.

Consideration needs to be given to how private payers can work with regional commissioning agencies to ensure that customers with private health insurance receive the right information about their choices, without risk or cost shifting to the private sector.

DRAFT RECOMMENDATION 25.9 — A CLINICAL TRIALS NETWORK SHOULD BE ESTABLISHED

In the short term (in the next 2 years)

The Australian Government should fund the establishment of a national clinical trial network in mental health and suicide prevention. In developing this network, the Australian Government should consult with bodies that work in this area including the National Medical and Health Research Centre and the Australian Clinical Trials Alliance.

Bupa agrees with both draft finding 5.1 and draft recommendation 25.9. We stated in our original submission that the delivery of mental health services that improve outcomes for consumers rely on the development of treatment options with an evidence base.

The lack of a strong evidence base is central to many of the problems within the sector. One barrier to the development of a strong evidence base in mental health care is the lack of a clinical trial network for mental health. Clinical trials provide definitive evidence about which treatments work and are most cost effective in clinical settings and the real world. It would help decision makers with the evidence base to achieve closer coordination of various health and mental health services.

No Clinical Trial Networks currently exist in any area of mental health research, despite mental and substance use disorders ranking third in contribution to disease burden (14.6%). The extensive disease burden in mental health disproportionately affects adolescent and early adulthood phases of life with 75% of mental disorders emerging before the age of 25 years, providing vital opportunities for prevention and early intervention.

Bupa recommends the Commission consider Australia's first Mental Health Clinical Trial Network be established in partnership with the Australian Clinical Trials Alliance (ACTA) and key mental health research institutes, key partners and stakeholders including patients with lived experience/patient advocacy bodies across Australia.

The Clinical Trial Network should focus on areas in which research is likely to make the most impact. We expect this would include a focus on young people and on prevention and early treatment, and also on treatment for those with the most disabling mental health conditions. This may be achieved by a single Clinical Trial Network with embedded streams or a small number of linked Clinical Trial Networks. This would lead to larger and more impactful clinical trials in Australia, improving evidence regarding solutions for some of Australians most pressing health issues.

Information requests

INFORMATION REQUEST 3.2 — OUT-OF-POCKET COSTS FOR MENTAL HEALTHCARE

We are seeking more information on the out-of-pocket costs of mental healthcare that consumers or their carers incur. We are interested in surveys that have been undertaken, particularly if they capture costs outside of the government funded healthcare system, such as estimates of the cost of travel to services, medications not covered by the Pharmaceutical Benefits Scheme and consultations outside the Medicare Benefits Schedule.

As mentioned in our original submission, Bupa's research shows that customers want their health insurer to cover a higher proportion of the out of pocket costs of receiving mental health care, however, we are restricted by legislation in doing so.

Recent Bupa claims data from 2016-2018 showed that on average the out-of-pocket costs for Bupa customers with hospital cover for each hospital admission was \$90 compared to an average of \$403 dollars for accessing a limited number of psychology services in a community setting.

ENDS