SPGPPS
Private Mental Health Alliance

Australian Medical Association

The Royal Australian and New Zealand College of Psychiatrists

The Royal Australian College of General Practitioners

Mental Health Consumers and Carers

Australian Private Hospitals Association

Australian Health Insurance Association

Australian Government Department of Health and Ageing

Australian Government Department of Veterans' Affairs

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SPGPPS News

Issues 26 and 27 l August 2006

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SPGPPS News provides a brief summary of some of the issues being progressed by our Private Mental Health Alliance. As such it is intended to stimulate discussion and debate concerning the delivery of mental health services in the private sector. **SPGPPS News** does not, therefore, necessarily represent the views of participating organisations, unless otherwise stated. Further information can be obtained from the SPGPPS Website at www.spgpps.com.au, or by contacting the Secretariat on 02 6270 5438.

Editor's Desk

Dr Bill Pring

This edition *SPGPPS News* constitutes Issues 26 and 27 and spans activity for both the second and third quarters of 2006. This has been necessitated by the negotiations surrounding the restructure of the SPGPPS into a Private Mental Health Alliance. The restructure is discussed in this Issue.

Vale Peter Callanan

As part of the SPGPPS restructure, the Australian Government has decided that its Private Health Industry Branch (PHIB) of the Department of Health and Ageing (DoHA) will not be participating any further on the SPGPPS, or the new Private Mental Health Alliance. Mr Peter Callanan has represented that area of DoHA on the SPGPPS since 1999. On behalf of the SPGPPS, I would like to take this opportunity to sincerely thank Peter and the other members of his staff for their invaluable input and expertise over the past 8 years. Peter has kindly provided a farewell article in this edition to assist with our understanding of the recent reforms to private health insurance.

COAG

The Council of Australian Governments (COAG) has agreed to a National Action Plan on Mental Health with funding to the value of $4 billion over five years. The Plan provides a strategic framework that emphasises coordination and collaboration between government, private and non-government providers in order to deliver a more seamless and connected care system. The Plan is discussed in more detail in this Issue

Private Health Insurance Reform

In April 2006, the Australian Government announced significant changes to the private health insurance sector. The primary purpose of these changes is to provide value to consumers and ensure the sustainability of the sector. An overview of the reforms and processes for their implementation is described in this Issue. Further information can be obtained from the PHIB circular:

PHI 27/06 1 May 2006, Greater choice in private health insurance brief overview of key proposed changes.

PHIB updates on the reform process may be obtained from:

http://www.health.gov.au/internet/wcms/publishing.nsf/Content/health-privatehealth-providers-phicirculars2006-index1

Innovative Models Working Group (IMWG)

IMWG recently circulated its final draft of its discussion paper, *Options for Funding Private Psychiatric Services* for review by the private mental health sector as a whole. The paper has generated considerable interest in the sector judging by comments received. The Paper may be viewed at:

http://www.spgpps.com.au/documents/spgpps/general_documents/Optons_Funding_Private_Psychiatric_Services.pdf

Consumer Perceptions of Care Pilot Study

The CPoC Pilot is well underway, with over 900 questionnaires received to date. Participating facilities are currently receiving weekly submission reports. More detailed reports are to follow.

SPGPPS Substance Abuse and Dependency Working Group (SDWG)

SDWG is in the process of finalising an *SPGPPS Position Statement on the Diagnosis and Treatment of Substance Abuse and Dependency in Private Mental Health Services*. SDWG plans to meet at the end of August to further refine the document.

Guideline Review

The SPGPPS has initiated the review of the *Guidelines for Determining Benefits for Health Insurance Purposes for Private Patient Hospital-Based Mental Health Care* (Guidelines). This review is to be completed before the end of 2006. The current Guidelines can be obtained from PHIB at:

http://www.health.gov.au/internet/wcms/publishing.nsf/Content/health-privatehealth-providers-phicirculars04-05-18_04.htm

National Network of Private Psychiatric Sector Consumers and Carers (N_N)

N_N held its second meeting for this year on 21/22 August 2006. Mr Tim Coombs, Coordinator for Training and Service Development Australian Mental Health Outcomes and Classification Network, provided an excellent presentation on the importance of involving consumers in hospital outcome measurement processes.

N_N is examining the need for case management of consumers with serious, treatment resistant conditions on discharge from inpatient status from private hospitals. To progress this issue, Mr Mike Jarvis, the Sydney Operations Manager for McKesson Asia-Pacific briefed the August N_N meeting on their services. McKesson Asia-Pacific has pioneered the use of health call centre service delivery models in mental health for both triage and case management and operate a number of these services in the public and private sector in both Australia and New Zealand.

Dr Pring is the Editor of SPGPPS News and the AMA observer on the SPGPPS.

SPGPPS Restructure

Dr Martin Nothling

Over the past few years there have been several major reviews and reports that carry implications for people who suffer a mental illness and those who fund and provide services for them. These reviews and reports include the following.

1. The Senate Select Committee on Mental Health: A national approach to mental health – from crisis to community, First (March) and Final (April) Reports 2006.
2. House of Representatives Standing Committee on Health and Ageing, Inquiry into Health Funding.
3. The report titled, Not For Service: Experiences of Injustice and Despair in Mental Health Care in Australia, prepared by the Mental Health Council of Australia and the Brain and Mind Research Institute in association with the Human Rights and Equal Opportunities Commission.
4. The Australian Government's Productivity Commission on its Position Paper on Australia's Health Workforce.
5. The Report to Australian Health Ministers' Conference on mental health reform prepared by the AHMAC National Mental Health Working Group.
6. The Tolkein II: A needs-based, costed stepped-care model for mental health services Report.
7. Revision of Australia's National Mental Health Policy, which will commence in 2006.
8. The Evaluation of the National Mental Health Plan 2003–2008, scheduled to commence in 2006.

COAG Reform Process

These reviews reported at a time when the Council of Australian Governments (COAG) also recognised that mental health is a major problem for the Australian community. COAG has acknowledged that governments have made significant recent investments in the area but have agreed that additional resources will be required from all governments to address the current issues facing the public and the private sectors.

In July 2006, the Commonwealth and State and Territory Governments agreed to a *National Action Plan on Mental Health 2006-2011* that is aimed at providing sustained improvement in services to the mentally ill.

In recognition of the importance of mental health and the reform of the system that will take place over the coming years, the AMA is co-ordinating the restructure of the SPGPPS into a Private Mental Health Alliance (PMHA) effective from 1 January 2007.

PMHA

The focus of PMHA will be at the national level and other constituent groups that can enhance the interface between the private and public sectors will be considered for inclusion. PMHA will be chaired independently to ensure the leadership of the PMHA is not aligned with any particular vested interest group. PMHA will be the major vehicle for representing the private sector in all national forums with a clear understanding of what it can and cannot achieve. PMHA will influence policy and practices within the private sector, and act as the definitive link at the national level between the private and public sectors. Issues related to the conduct of any sub-members, be they private hospitals, private health insurers, practicing psychiatrists, or any group or member thereof, will not be countenanced by the other members of the group.

CDMS

PMHA's Centralised Data Management Service (CDMS) will be the private sectors mechanism for monitoring and accountability under the governance of the PMHA. CDMS will allow scrutiny of activity, monitoring of changes, and ensure competition within the stakeholder groups in terms of benchmarking activity across hospitals and other activities.

N_N

To strengthen the positioning of the PMHA, consumer and carer input will be via the National Network of Private Psychiatric Sector Consumers and carers (N_N).

PMHA, its CDMS and the N_N will be managed under a new *AMA Agreement for Services 2007-2008*. This Agreement is currently being drafted. At the same time the Parties to the new Agreement are in the process of determining priorities for inclusion in a PMHA work plan in consultation with the SPGPPS.

In supporting these three enterprises, PMHA, CDMS and N_N, participating stakeholders are looking to deliver some real benefits for private sector mental health services.

Dr Nothling is the AMA representative on the SPGPPS.

COAG National Action Plan on Mental Health 2006 - 2011

Dr Yvonne White

The Council of Australian Governments, (COAG) has recognised that mental health is a major problem for the Australian community and has been conducting consultations on how it intends addressing the situation. Mr Paul Mackey from the Australian Private Hospitals Association and I attended a COAG Consultation meeting in Melbourne on 22 June 2006 representing the SPGPPS.

At its 14 July 2006 meeting, COAG agreed to a national action plan for mental health involving a joint package of measures and significant new investment by all Governments over five years.

The Plan is intended to promote better mental health and provide additional support to people with mental illness, their families and their carers. The value of measures covered in the Individual Implementation Plans for each jurisdiction totals approximately $4 billion over the five years. Though predominantly public sector focused, this National Action Plan represents a commitment to deliver mental health services in a more integrated way – between governments, and between the government and non-government sectors. Governments have agreed to a model of community-based coordinated care for people with serious mental illness that are most likely to benefit and who are most at risk of falling through the gaps in the system. The National Action Plan targets five areas for action.

1. Promotion, Prevention and Early Intervention

This Plan identifies several policy directions necessary to achieve effective promotion, prevention and early intervention. It specifically addresses: building resilience and coping skills of children, young people and families; raising community awareness; improving capacity for early identification and referral to appropriate services; improving treatment services to better respond to the early onset of mental illness, particularly for children and young people; and investing in mental health research to better understand the onset and treatment of mental illnesses.

2. Integrating and Improving the Care System

Achieving an integrated care system requires governments to focus on two specific policy directions. Firstly, to resource adequately health and community support services to meet the level of need, and secondly to develop ways of coordinating and linking the range of care that is provided across the continuum of primary, acute and community services by public, non-government and private sector providers.

3. Participation in the Community and Employment, including Accommodation.

There are a number of specific policy directions laid out to achieve positive change in this area. They include enhancing support services for people with mental illness to participate in the community, education and employment, enabling people with mental illness to have stable housing by linking them with other personal support services, improving referral pathways and links between clinical, accommodation, personal and vocational support programs, and expanding support for families and carers including respite care.

4. Coordinating Care

This Plan contains two flagship national initiatives directed at providing more seamless and coordinated health and community services for people with a mental illness.

Coordinating Care

Governments have agreed to introduce a new system of linking care. People within the target group (people with severe mental illness and complex needs) will be offered a clinical provider and a community coordinator from Commonwealth and/or State and Territory government funded services. The clinical provider will be responsible for the clinical management of the person. The community coordinators will be responsible for ensuring the person is connected to the non-clinical services they need, for example accommodation, employment, education, or rehabilitation.

Governments Working Together

COAG has agreed that the Premier or Chief Minister's department in each State and Territory will convene a COAG Mental Health Group. These groups will ensure that all relevant Commonwealth, State or Territory government agencies work with each other at a State and Territory level, and consult with the non-government and private sectors as well as consumer and carer representatives, in order to deliver the best possible system of care.

5. Increasing Workforce Capacity

There are serious workforce shortages across all mental health professional groups, including mental health nurses and psychiatrists. This shortage hinders the ability of government and non-government providers to meet the increasing demand for services. A major focus of the Plan is to build the capacity of the public, private and non-government workforce to deliver services. Proposed actions by State and Territory Governments include, but are not limited to:

- increasing the number of training places for mental health nurses and clinical psychologists;
- improving mental health tertiary training in health-related university courses;
- training front-line workers to better respond to mental illness;
- providing education and employment support programmes that target Aboriginal and Torres Strait Islander workers; and
- workforce development, including education, training and support for new and more experienced staff, recruitment and retention initiatives, and piloting new/expanded roles.

6. Measuring Progress

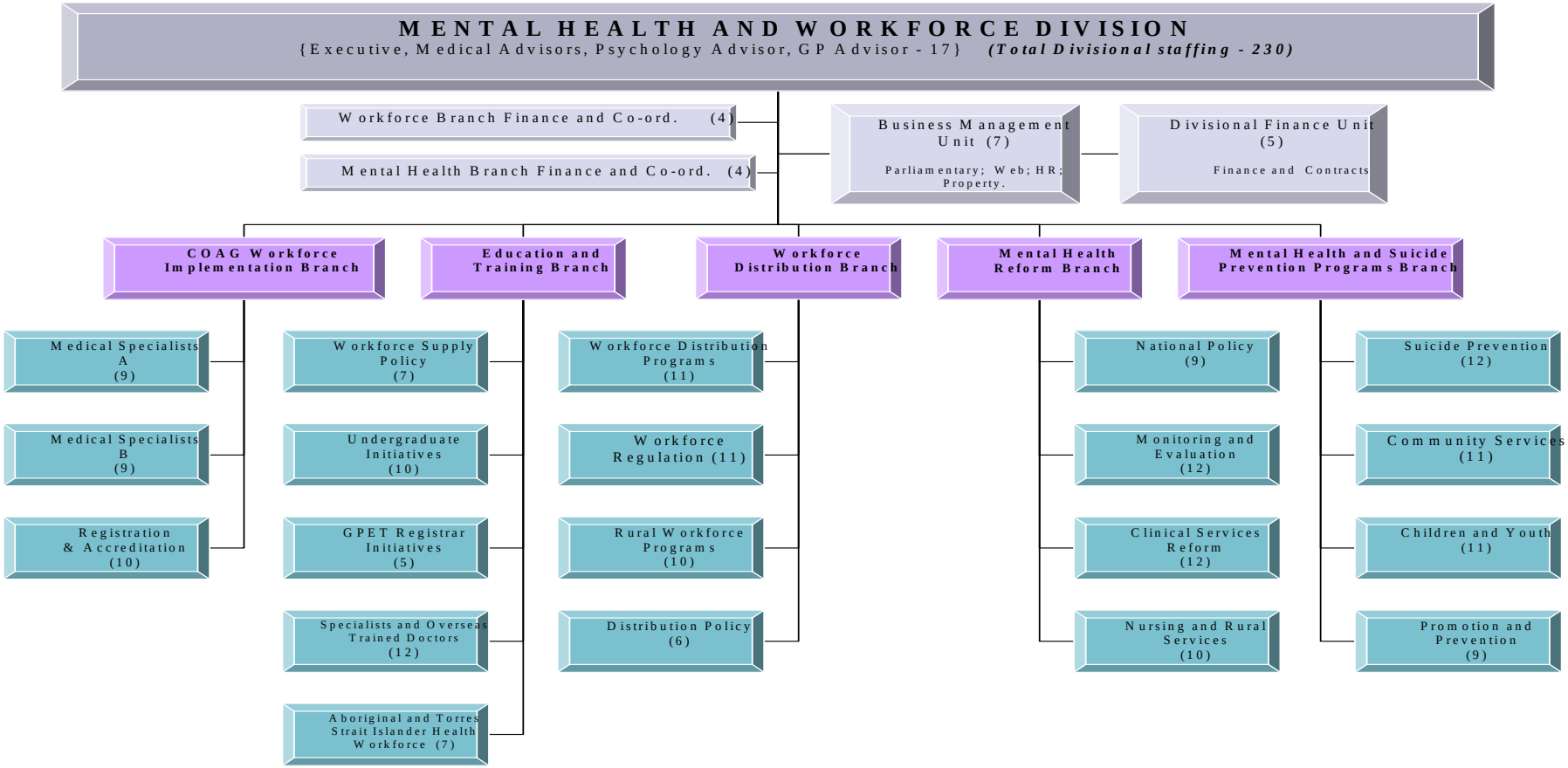
Australian Health Ministers will report annually to COAG on implementation of the Plan, and on progress against the agreed outcomes (see table below). Governments have also agreed to an independent evaluation and review of the Plan after five years.

Outcome	Progress Measures
Reducing the prevalence and severity of mental illness in Australia	The prevalence of mental illness in the community
	The rate of suicide in the community
Reducing the prevalence of risk factors that contribute to the onset of mental illness and prevent longer term recovery	Rates of use of illicit drugs that contribute to mental illness in young people
	Rates of substance abuse
Increasing the proportion of people with an emerging or established mental illness who are able to access the right health care and other relevant community services at the right time, with a particular focus on early intervention	Percentage of people with a mental illness who receive mental health care
	Mental health outcomes of people who receive treatment from State and Territory services and the private hospital system
	The rates of community follow up for people within the first seven days of discharge from hospital
	Readmissions to hospital within 28 days of discharge
Increasing the ability of people with a mental illness to participate in the community, employment, education and training, including through an increase in access to stable accommodation	Participation rates by people with mental illness of working age in employment
	Participation rates by young people aged 16-30 with mental illness in education and employment
	Prevalence of mental illness among people who are remanded or newly sentenced to adult and juvenile correctional facilities
	Prevalence of mental illness among homeless populations

The National Action Plan may be downloaded from:

http://www.coag.gov.au/meetings/140706/docs/nap_mental_health.pdf

The coming reforms will be co-ordinated by the Australian Government's Department of Health and Ageing Mental Health and Workforce Division. The organisational chart for the Division is set out on the next page.



The Workforce and Mental Health Division will deliver on the COAG mental health and workforce initiatives and deliver on existing program commitments. The Division is designed to build the capacity of the mental health system to ensure that Australians with mental illness, and their families and carers, have access to quality health and support services to meet their needs.

Dr Yvonne White Chairs the SPGPPS

Private Health Insurance Reform

Mr Peter Callanan

On 26 April 2006, the Australian Government announced significant changes to the private health insurance sector. The primary purpose of these changes is to provide value to consumers and ensure the sustainability of the sector. An overview of the reforms and processes for their implementation, as described by the Department of Health and Ageing (DoHA), Private Health Industry Branch (PHI) is set out below. More detailed information concerning specific aspects of the changes will be released over the next few months by PHI circulars. Further general information concerning the changes is available on the internet at: http://www.health.gov.au/phi.

The changes that have been agreed to include the following.

1. Introduction of legislation to allow, but not require Health Funds, to offer *Broader Health Cover* products.
2. Proposed mainstreaming of the Outreach Hospital in the Home services will be suspended pending the introduction of Broader Health Cover.
3. Regulation of products, rather than Health Funds, which will involve the private health insurance rebates attaching to products rather than a Health Fund registration.
4. Introduction of uniform safety and quality criteria so that in the future, all privately insured services will be provided by an accredited facility and/or suitable qualified provider.
5. Removal of Lifetime Health Cover (LHC) loadings for members who have held private health insurance on which they have paid a loading for 10 years continuously.
6. Medicare Australia, as part of business as usual, will write to people who do not have private health insurance and are about to be affected by LHC, reminding them of their LHC deadline and that they may incur a LHC loading.
7. A requirement will be placed on Health Funds to provide, for each product they sell, standard product information for consumers about:
   - premiums;
   - waiting periods;
   - exclusions;
   - hospital and medical gaps; and
   - excesses.
8. Support for the establishment by the Private Health Insurance Ombudsman of a website that will allow people to compare Health Funds and their products and provider arrangements. The standard product information will be required to be provided to the Ombudsman for publication on the website.
9. The implementation of risk equalisation (reinsurance) reforms that will include:
   - the implementation of a modified industry model for risk equalisation;
   - a high cost claims pool; and
   - the treatment of single parents as 1 Single Equivalent Unit.

Implications of the changes

A number of the changes outlined above will be subject to the passage of enabling legislation. The Government has announced that it plans to have the enabling legislation in place so that the new arrangements can commence on 1 April 2007. Therefore, from 1 April 2007:

- Health Funds will be able to offer products that pay benefits for services that are part of, prevent, or substitute for hospital services, removing the current boundary that exists between "hospital" and "ancillary" insurance;
- Outreach Hospital–in–the–Home services will be able to be included in a Broader Health Cover product without needing to be approved by the Government;
- new risk equalisation arrangements, including a high cost claims pools and the treatment of single parent families as 1 Single Equivalent Unit, will commence; and
- those people about to be affected by LHC loadings (30 year olds, new migrants and new Medicare card holders) will receive a letter from Medicare Australia notifying them of their upcoming LHC deadline.

From July 2008, only suitably qualified health service providers and/or accredited facilities will be able to offer privately insured services. From 2010, people who have paid a LHC loading for 10 years continuously will be entitled to have the loading removed.

Consultation

Industry consultation will form an integral part of the implementation of the changes, the majority of which will need to be in place by 1 April 2007. During June and July 2006, consultation forums are planned for major capital cities. These forums will provide an opportunity for stakeholders to receive detailed information about the proposed changes and advice on ways to be involved. A brief outline of the proposed consultation arrangements on the legislative changes and the implementation of the new risk equalisation arrangements are provided below. It should be noted that many of the changes such as the introduction of the *Broader Hospital Cover* will depend on the passage of enabling legislation. Consultation about this and the other initiatives requiring enabling legislation will be conducted as part of the consultation process planned for the development of the legislative package.

Revision of legislation

Legislation of relevance to private health insurance will be reformed to focus on the regulation of private health insurance products rather than Health Funds. The changes will also aim to consolidate all private health insurance matters into a single piece of legislation. In the process the DoHA will be seeking to remove obsolete and redundant provisions and to simplify the regulatory regime overall. The new regulatory framework will provide for the following.

- Broader coverage of services by private health insurance.
- The regulation of products rather than Health Funds with the private health insurance rebates to, in the future, attach to complying products.
- The introduction of uniform quality and safety standards facilities offering privately insured services and for the providers of services covered by private health insurance.
- The requirement that Health Funds publish standard product information for each product they sell and that they also provide this information to the Ombudsman.

Consultations with stakeholders will help inform the development of the new legislation and the implementation arrangements for the changes more generally. The consultations on the legislative reforms will also canvas the arrangements for the introduction of *Broader Health Cover* and the requirement for Health Funds to publish and provide to the Ombudsman standard product information.

An indicative timetable for the consultation process on the legislative reforms is:

June–July 2006:	Circulation of discussion paper outlining structure and coverage of the new regulatory regime.
June–July 2006:	Consultations in major capital cities.
October 2006:	Circulation of exposure draft of proposed new legislation and consultations on the exposure draft.
November 2006:	Introduction of legislation to Parliament.
February 2007:	Proposed passage of legislation by Parliament.
April 2007:	Legislation takes effect (noting that transitional provisions may apply for a number of elements of the new regime).

Further details concerning the revision of legislation will be released in a future PHI circular.

Risk equalisation (Reinsurance)

From April 2007, new arrangements for risk equalisation in the private health insurance sector in Australia will be introduced. The new arrangements will involve the implementation of the following.

1. A yet to be finalised (modified) version of the Australian Health Insurance Association (AHIA) model.
2. A high costs claims pool
3. A requirement that single parent families be treated as 1 Single Equivalent Unit for risk equalisation (reinsurance) purposes.

Following a consultation process and consideration of the recommendations by Government the new arrangements are expected to be finalised and communicated to industry by September 2006. This timeframe is intended to allow Health Funds to use the new arrangements to price premiums for the 2007 round.

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