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Dear Private Health Insurance Branch,

Re: Private health insurance reforms – second wave consultation paper

Mental Health Australia welcomes the opportunity to contribute to the proposed second wave of reforms to private health insurance. Enabling greater access to, and increased choice of, private health insurance products aligns with core principles of consumer choice and control. The Productivity Commission's *Inquiry into Mental Health* found private health insurance is a significant component of Australia's mental health system, paying for approximately \$50 million in benefits for hospital-based mental health treatment, equivalent to about 20% of mental health-related hospital costs in 2016-17.¹

Implementing Reform One: Increasing the age of dependents to encourage younger people and also people with a disability to maintain private health insurance.

Part One

Aligned with increased consumer choice and control, Mental Health Australia supports increasing the maximum allowable age for dependents, and advocates for the simplest model for consumers.

Consequently, we support the option "increasing the allowable age of infant dependents to 31 and removing student and non student dependent categories." Similarly, dependents with a partner should still be able to access this product so as to not entrench discrimination against partnered people with disability.²

Part Two

In the spirit of simplicity for consumers and carers, Mental Health Australia supports using a standardised definition for disability across the insurance sector. To increase the number of consumers who are able to access private health insurance products, the broadest definition of disability should be used. The definition of disability used by the Australian Bureau of Statistics applies to approximately 4.4 million Australians,³ compared to the estimated 475,000 thousand Australians who meet the National Disability Insurance Scheme's definition of disability.⁴ Consequently, Mental Health Australia supports using the Australian Bureau of Statistics' definition.

¹ Productivity Commission (2020). *Inquiry into mental health*. Canberra: Australian Government. Retrieved 5 February 2021 from <https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health.pdf>, p1175.

² Reducing the payment rate of the Disability Support Pension when a person with disability has a partner is described as discrimination inconsistent with human rights principles. See the United Nations *Convention on the Rights of Persons with Disabilities* (Article 23) for more information on the right to marry.

³ Australian Bureau of Statistics (2018). *Disability, Ageing and Carers, Australia: Summary of Findings*. Canberra: Australian Government. Retrieved 5 February 2021 from <https://www.abs.gov.au/statistics/health/disability/disability-ageing-and-carers-australia-summary-findings/latest-release>.

⁴ Productivity Commission (2017). *National Disability Insurance Scheme (NDIS) Costs*. Canberra: Australian Government. Retrieved 5 February 2021 from <https://www.pc.gov.au/inquiries/completed/ndis-costs/report/ndis-costs.pdf>.



Developing Reform Three: Expanding funding to at home and community based mental health care.

While private health insurance reform was outside of the scope of the Productivity Commission's *Inquiry into Mental Health*, its Final Report noted "regulations should permit private health insurers, on a discretionary basis, to fund services outside of hospitals that could prevent their hospital cover holders from requiring hospitalisation."⁵

Part One

Mental Health Australia supports the proposed reform which would allow insurers to fund preventative mental health services without requiring consumers to have had a previous hospital episode, as it is aligned with the principles of access to early intervention and prevention.

Part Two

Mental Health Australia supports this reform which would allow consumers to access support from allied health professionals and peer workers that provide evidenced-based or evidence-informed services through chronic disease management programs (CDMPs). The Productivity Commission's *Inquiry into Mental Health* noted the growing mental health peer workforce, and the importance of allied health professionals in providing support to consumers who have minimal need for clinical mental health care.⁶ Consequently, private health insurance reforms should allow greater access to evidenced-based or evidence-informed services for consumers who could benefit from them.

Part Three

Similarly, expanding payments for CDMP expenses to pay for indirect service delivery could allow consumers to access low-cost early intervention and prevention activities. If regulated through the creation of a list of evidence-based services, the list must be regularly reviewed to include emerging evidence-informed services. If regulated through a rule which gives insurers permission to pay for services that meet criteria, the rules must be clear and simple, for both insurers and consumers to easily understand which services are included or excluded.

Mental Health Australia would be delighted to further discuss this submission with the Private Health Insurance Branch if that is useful to ongoing budgetary considerations and policy development.

Yours sincerely



Dr. Leanne Beagley
Chief Executive Officer

8 February 2021

⁵ Productivity Commission (2020). *Inquiry into mental health*. Canberra: Australian Government. Retrieved 5 February 2021 from <https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health.pdf>, p1177-8.

⁶ Productivity Commission (2020). *Inquiry into mental health*. Canberra: Australian Government. Retrieved 5 February 2021 from <https://www.pc.gov.au/inquiries/completed/mental-health/report/mental-health.pdf>, p724-39.

