

8 February 2021

Ms Penny Shakespeare
Private Health Insurance Branch
Medicare Benefits Division
Australian Department of Health

By email to: phiconsultation@health.gov.au

Dear Ms Shakespeare

Re: Consultation paper: Private health insurance reforms – second wave - December 2020

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to provide written input into the Consultation Paper on private health insurance reforms (the Consultation Paper) released by the Australian Department of Health (DoH).

The RANZCP is the principal organisation representing the medical specialty of psychiatry in Australia and New Zealand and is responsible for training, educating and representing psychiatrists on policy issues. The RANZCP represents more than 5100 qualified psychiatrists in Australia and New Zealand and is guided on policy matters by a range of expert committees, including the Section of Private Practice Psychiatry (SPPP).

By offering an alternative option to the public health system, the private health insurance industry fulfils a critical function in Australia's health care system. The RANZCP strongly supports reforms to private health insurance which increase access to quality health services. With the COVID-19 pandemic having an ongoing impact on mental health, [1] it is critical that timely, high quality, accessible mental health services is the result of any reforms made to private health insurance.

The RANZCP holds significant concerns regarding increases in managed care by private health insurers with implementation of the new reforms. While we fully recognise that reforms are necessary to ensure the longevity of private health insurance in Australia, we urge the Government to reject reforms which allow private health insurers to further influence clinical and care decisions over medical practitioners. Industry self-regulation continues to be complex and it is important the Government continues to show strong leadership while supporting patient care and increasing access to private health insurance. Increasing access to private health insurance should not come at the cost of safe, effective health care.

All reforms to private health insurance should work towards strengthening transparency to better understand features of private health insurance policies for psychiatric care to enable consumers to make informed decisions about their health care.

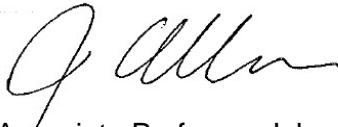
Providing continuity of care and honouring existing therapeutic relationships (promoting people-centred care) should be important elements of any reforms to private health insurance.

We thank you for meeting with members of the RANZCP including representatives of SPPP and Faculty of Psychotherapy on how private health insurance reform may be undertaken which supports quality and effective mental health care for patients. The RANZCP's submission is attached.

Given the importance of these reforms for consumers and the private health industry at large, the RANZCP suggests that the reforms require further consultation with an alliance or stakeholder engagement group, which can bring diverse perspectives relevant to the development of a sustainable and affordable industry which supports consumer care. Psychiatrists, as experts in clinical psychiatric and mental health care, would welcome the opportunity to be involved in such an alliance or stakeholder engagement group.

For any queries, please contact Rosie Forster, Executive Manager, Practice, Policy and Partnerships Department via rosie.forster@ranzcp.org or by phone on (03) 9601 4943.

Yours sincerely



Associate Professor John Allan
President

Ref: 2089

References

1. Australian Institute of Health and Welfare. Suicide & self-harm monitoring: AIHW; 2020 [Available from: <https://www.aihw.gov.au/suicide-self-harm-monitoring/data/covid-19>.

Department of Health

Private health insurance reforms – second wave (Consultation Paper)

February 2021

Improve the mental health of communities

About the Royal Australian and New Zealand College of Psychiatrists

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) is a membership organisation that prepares doctors to be medical specialists in the field of psychiatry, supports and enhances clinical practice, advocates for people affected by mental illness and advises governments on mental health care.

The RANZCP is the peak body representing psychiatrists in Australia and New Zealand and as a bi-national college has strong ties with associations in the Asia-Pacific region. The RANZCP has more than 6900 members including more than 5100 qualified psychiatrists and over 1800 members who are training to qualify as psychiatrists. Psychiatrists are clinical leaders in the provision of mental health care in the community and use a range of evidence-based treatments to support a person in their journey of recovery.

The following RANZCP committees provided input into this submission to the Australian Department of Health (DoH):

- Section of Private Practice Psychiatry
- Faculty of Psychotherapy
- Faculty of Child and Adolescent Psychiatry.

Key findings

- Changes to private health insurance are necessary given its importance in supporting the Australian healthcare system.
- Reforms to private health insurance should be flexible, transparent and not interrupt the therapeutic relationship or impede clinical decisions made with patients.
- Inpatient care is a critical service and access should not be limited, or impeded, by any reforms to private health insurance.
- Ongoing opportunities for stakeholder engagement groups, comprising of mental health professionals, carers, insurers, consumers and private hospital representatives, to improve private health insurance and its reforms would be beneficial.
- Further consultation on private health insurance reform would be welcome.

Introduction

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to provide written input into the Consultation Paper on private health insurance reforms (the Consultation Paper) released by the DoH.

By offering an alternative option to the public health system, the private health insurance industry fulfils a critical function in Australia's health care system. The RANZCP strongly supports reforms to private health insurance which increase access to quality health services. With the COVID-19 pandemic having an ongoing impact on mental health, [1] it is critical that timely, high quality, accessible mental health services is the result of any reforms made to private health insurance.

The RANZCP holds significant concerns regarding increases in managed care by private health insurers with implementation of the new reforms. While we fully recognise that reforms are necessary to ensure the longevity of private health insurance in Australia, we urge the Government to reject reforms which allow private health insurers to further influence clinical and patient care decisions over medical practitioners. Industry self-regulation continues to be complex and it is important the Government continues to show strong leadership while supporting patient care and increasing access to private health insurance. Increasing access to private health insurance should not come at the cost of safe, effective health care.

In addition to the specific feedback on each consultation below, the RANZCP would like to propose several principles which should be incorporated into private health reform including:

- Any reforms to private health insurance should also reflect the needs of vulnerable people including those with severe/chronic mental health conditions. They should reflect the juncture between physical and mental health and aim to be holistic in nature to ensure better health outcomes based on principles such as those mentioned in the Equally Well Consensus Statement. Psychiatrists have provided examples of instances where the insurer contests that the primary reason for admission is mental health treatment and that consequently rates for medical/surgical admission do not apply. Ultimately, the RANZCP supports that any treatment is guided by medical practitioners in consultation with patients to determine which treatments best suits their specific health needs.
- All reforms to private health insurance should work towards strengthening transparency to better understand features of private health insurance policies for psychiatric care to enable consumers to make informed decisions about their health care.
- Reforms to private health insurance should actively promote flexible service arrangements. Inflexible application of private health insurance will be to the detriment of patients and providers, contributing to further decline in those holding private health insurance. Lack of transparency and flexibility around contracts between services and private health insurers can also impact patient care which is problematic. Rigid implementation of clinical guidelines by private health insurers impacts patient care.
- Providing continuity of care and honouring existing therapeutic relationships should be important elements of any reforms to private health insurance. People-centred care should be a focus of service delivery.
- Consumers and carers should be involved in any reforms or decisions about private health insurance.

The RANZCP would also like to propose the government consider endorsing the Australian Private Hospitals Association's (APHA) Guidelines for Determining Benefits for Private Health Insurance (the Guidelines). To our understanding, the Guidelines are currently being updated by APHA. The RANZCP has received many examples from psychiatrists of private health insurance policies and contracts that contradict these guidelines, including patients being unable to access private health due to them being too unwell to attend group therapy on a given day, or by not meeting overnight mental health threshold requirements in regard to their time of admission as defined by the insurer. Patients should not be penalised for being too unwell to attend optional treatments, particularly given the chronic, episodic nature of mental health conditions.

The implementation of guidelines to support improved practice would be welcome and reiterate the key principle that private health insurers should not define or dictate diagnostic or clinical criteria for services.

Consultation 1: Increasing the age of dependents to encourage younger people and also people with disability to maintain private health insurance

The RANZCP has no issue with Consultation 1 proposed in the Consultation Paper regarding increasing the age of dependents to 31 years of age for the purposes of retaining young people in private health insurance. However, we would like to note that as this is likely to attract those with chronic, long term conditions, it may not bolster the private health insurance industry as expected.

Consultation 2: Expanding home and community-based rehabilitation care

Chronic disease management programs (CDMPs) are not a model used by psychiatrists supporting mental health care. As such, the RANZCP would suggest the use of the recovery model and its language for mental health care as that is a model familiar to mental health professionals, mental health consumers and

carers. The RANZCP would welcome further discussion as to how development of the recovery model for mental health care in private health insurance may take place.

The RANZCP stresses that community-based rehabilitation care should never limit access to, or impede, inpatient care and services. Any expansion of home and community-based rehabilitation in any reforms should not be premised on reduced access to inpatient care.

Consultation 3: Out of hospital mental health services

The development of policies for out of hospital mental health services should be evidence-based and provide quality mental health care as well as value for money. The RANZCP recognises the importance of integrated multidisciplinary team-based care (MDTs) including day and outreach programs as part of overall care, and the value of private hospitals in providing these services.

However, the identification of relevant patients/patient cohorts should be a decision for treating clinicians operating within the intent and purpose of the policy change. If criteria are set, they should be set in regulation and be universal. Insurers should not set their own criteria. Their discretion should be to offer a type of cover or not and should not impact or be a replacement for admission to inpatient services as referred by a medical practitioner. In mental healthcare, psychiatrists have clinical leadership in patient care particularly in treating those with moderate to severe mental health issues which should not be compromised by the private health insurance industry.

We welcome the introduction of MDTs, including peer workers, but suggest MDTs should have standards and accreditation to ensure best practice and care.

Consultation 4: Applying greater rigour to certification for hospital admission

The RANZCP does not support the proposed changes to Professional Services Review (PSR). By providing deregulation of private health insurers, patient care may be negatively impacted as medical practitioner decisions will be further hindered and influenced by private health insurers. In addition, allowing private health insurers to mandate and discipline medical practitioners who recommend treatments to patients against the private health insurers wishes will result in negative health outcomes for patients. As such, the RANZCP would welcome the opportunity to learn more about the proposal to establish a self-regulated industry mediation panel to review and examine possible inappropriate practice by medical practitioners when they certify that a medical procedure must be provided in hospital rather than out of hospital.

The now defunct Private Mental Health Alliance body (or similar) may be a more appropriate method of ensuring a balance exists between the interests and health of patients and the interests of private health insurers providing medical practitioners with an opportunity to advocate for patients. Currently, and with the implementation of reforms, we fear the balance will continue to tip in favour of the private health insurance industry which would impact heavily on patient care.

The Consultation Paper proposes that standardised certification forms should be developed to provide greater certainty to private health insurers. The RANZCP does acknowledge that none of the forms private psychiatrists complete on behalf of private health insurers are forms that we have had any involvement in developing and the completion of which is unremunerated. We would welcome being involved in the re-development of such a certification form.

Conclusion

While the RANZCP supports changes to private health insurance to ensure better value, sustainability and affordability, we urge that these changes do not come at the cost of clinical care. We would support the development of advisory or stakeholder group which would allow a variety of stakeholders to provide input into how best to develop private health insurance to support the health system and consumers. Further consultation is required for private health insurance reform to ensure the sustainability of the industry for services and consumers.

References

1. Harrison J, Henley G. Suicide and hospitalised self-harm in Australia: trends and analysis. Injury research and statistics series no. 93. Canberra; 2014. Report No.: Cat. no. INJCAT 169.