The Royal Australian & New Zealand College of Psychiatrists

Your Health in Mind

5 July 2021

Mr James Downie
Chief Executive Officer
Independent Hospital Pricing Authority

By email to: submissions.ihpa@ihpa.gov.au

Dear Mr Downie

Re: Consultation on IHPA Pricing Framework for Australian Public Hospital Services 2022-23

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to provide input the Independent Hospital Pricing Authority (IHPA) on the Pricing Framework for Australian Public Hospital Services 2022-23 (the draft Framework).

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 6900 qualified and trainee psychiatrists in Australia and New Zealand and is guided on policy matters by a range of expert committees. The RANZCP welcomes the opportunity to be represented on the IHPA Mental Health Working Group to inform IHPA's work program.

The RANZCP response focuses on the consultation questions:

- Are there any impediments to pricing admitted and community mental health care using AMHCC Version 1.0 for NEP22?
- What are the potential consequences of transitioning block funded standalone hospitals that provide specialist mental health services to ABF?
- What evidence is there to support increased costs for socioeconomic status?

The RANZCP acknowledges IHPA's efforts in developing and refining the national Activity Based Funding (ABF) system, with an aim to move the focus to paying for value and patient outcomes.

Any changes to the funding model need to be based on robust costing studies undertaken across mental health sub-specialties to ensure that differing complexities are incorporated into the pricing structure. It is also imperative that ABF is developed specific to the model of care provided.

Pricing needs to reflect the complexity of mental health service provision, and it also needs to reflect the difference in patient cohorts. The RANZCP is concerned that a generic 'one price' model will not be sufficiently specific. For example, in Child and Adolescent Mental Health Services (CAMHS), in addition to seeing patients face to face, there is a high level of liaison, which supports not only the child but also the family and the community teams. Community CAMHS services are currently seeing a surge in very complex cases, which requires liaison with multiple agencies. Sometimes a one-hour appointment is followed up with three-four hours of liaison. The proposed model will not capture the level of care provision of complex mental health presentations. Complexities also need to be considered in other sub-specialties including aged care, neuropsychiatry and dual diagnosis.

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Costing studies would also enable the longstanding concerns of RANZCP regarding consultation-liaison psychiatry to be addressed. Whilst we recognise that the multidisciplinary role is funded within ABF, the specific patient therapeutic consultation and development of management plans that are provided by consultation-liaison psychiatrists outside of the multi-disciplinary team setting remains unfunded.

Any inherent flaws introduced in the early roll out of ABF for mental health care will lead to structural deficits in the funding model, which will be a financial risk to specialist mental health care providers. The RANZCP urges that a modified version of ABF for services or block funding needs to be maintained while any proposed ABF is adequately tested.

The pricing model should follow IHPA's overarching guidelines that funding should support timely access to quality health services. It is therefore important that pricing needs to be appropriate so that it does not constrict services to the basic level of care and should seek to cost appropriate high-quality care models. Appropriate funding will also deliver another overarching IHPA aim – to provide the opportunity for innovation.

The RANZCP also suggests that training and research needs to be funded separately from care provision funding. This separation would enable training and education activities to be accounted for separately to ensure funding is utilised for its intended purpose.

Responding to the consultation question regarding increased costs for socioeconomic disadvantage, the RANZCP highlights there are many complexities that impact on readmission rates, length of stay and length of episode in mental health services. These include, but not limited to, geography, Indigenous background, and other socioeconomic disadvantage (e.g. employment, education, transport, housing and disability). All of these factors should be considered in any funding model. Including these complexities in costings would ensure that IHPA meets its own guideline that funding should be based on patient related characteristics.

The RANZCP would welcome the opportunity to be involved in developing and/or reviewing costing studies to identify sub-speciality and socio-economic considerations to assist in developing an ABF model that considers the best practice provision of appropriate care. We would urge that this be undertaken before any rollout of ABF.

To discuss any of the issues raised in this letter, 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

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President

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