23 March 2012

Dear Sir/Madam,

ACMHN response to ‘Activity based funding for Australian public hospitals: Towards a Pricing Framework’ Discussion Paper

The Australian College of Mental Health Nurses (ACMHN) welcomes the opportunity to respond to the discussion paper ‘Activity based funding for Australian public hospitals: Towards a Pricing Framework’ released by the Independent Hospital Pricing Authority (IHPA).

The ACMHN is the peak professional organisation representing mental health nurses in Australia. Mental health nurses work in mental health across a variety of settings – acute psychiatric units in hospitals, specialist community mental health teams, general practices, emergency departments, as well as in policy, administration, management and research roles.

Mental health nurses are the single largest professional group delivering mental health services within the public health system. The introduction of activity based funding (ABF) for public hospital services will have a significant impact on the delivery of mental health services by mental health nurses. The ACMHN believes it is important that mental health nurses are represented on clinical groups and in other forums advising the IHPA on mental health aspects of hospital funding.

Scope of public hospital services
The ACMHN has significant concerns about the proposed criteria by which the IHPA would determine the scope of eligible public hospital services, particularly as they apply to community mental health services (ie non-admitted specialised mental health services). We have three main concerns:

- The criteria, particularly the mental health specific criterion, are predicated on an incomplete dichotomous categorisation of mental health clients.

Criterion 7 of Table 5.1 states that “This criterion is intended to distinguish short-term, acute specialised mental health services from other mental health services that provide long term support for people with chronic mental illness.” This suggests that there are only two types of services provided by non admitted mental health services: those that are delivered on a short term basis to people experiencing an acute episode or those that are delivered on a long term basis to people with a chronic condition needing less...
intensive services. This is not the case, as people experiencing an acute episode often require extended care and treatment. Equally, people with a chronic mental illness may have acute episodes and require intensive services to remain out of hospital. Another issue with this criterion is that there is no indication of how long is ‘short-term’ and ‘long-term’. It is not uncommon for people with mental illness to require months of care and services, even when they are in an acute phase of their illness.

The proposed criteria to determine the scope of public hospital services when applied to non admitted specialised mental health service are inadequate. They do not accommodate the diversity and complexity of mental illness and the needs of people with mental illness for flexible services.

- The criteria will exclude from public hospital funding a significant component of the work that community mental health teams do, and in doing so will not support person centred care.

The IHPA is explicitly required to determine the status of ‘other outpatient, mental health, subacute services and other services that could reasonably be considered to be a public hospital service’. The ACMHN believes that the draft criteria exclude community mental health services that ‘could reasonably be considered to be a public hospital service’.

Applying all the criteria in Table 5.1 will exclude from ‘eligible public hospital services’ many of the clients currently receiving services from community mental health services (ie services delivered by specialised mental health teams in the community). These teams currently deliver services to a range of consumers – those who are experiencing a more acute episode through to ongoing services to consumers with a chronic and enduring condition. Most area mental health services include sub-specialty teams, such as Child and Adolescent Mental Health services and Older people’s mental health team which will also have clients across the spectrum of acuity.

The ACMHN acknowledges that not all the services provided by community mental health teams should be funded through the public hospital funding envelope. But the lack of a classification system for mental health activities which is robust and evidence based means that it is impractical to divide the activities of community mental health services. As they stand the proposed criteria set would lead to funding a very limited range of activity and exclude many activities that the ACMHN reasonably considers to be a public hospital service.

- The criteria have potential to drive more hospital presentations rather than supporting the delivery of care within the community.

The strength of the community mental health service model is that these teams can respond quickly when a client experiences a fluctuation in their condition and they require additional care and treatment. This is consistent with the intent of policy approaches such as ‘person centred care’ and ‘no wrong door’ which seeks to provide people with the support that is needed at the time they need it.
The discussion paper identifies one of the drivers of the introduction of a national efficient price and ABF is to create incentives for governments to invest more efficient forms of health care such as community health services and primary health care. Yet the draft criteria place a heavy reliance on the public hospital emergency department or inpatient service as a gatekeeper to non-admitted specialised mental health services. This may act as a perverse incentive to direct more people with mental illness to hospital services.

In summary, the ACMHN does not support the use of these criteria to determine the scope of mental health services that fall within the public hospital funding envelope. The ACMHN recommends that further consultation be undertaken with the professions and service providers to establish more appropriate criteria that better accommodate the needs of people with mental illness.

**Application of Activity Based Funding to mental health care**

The ACMHN supports the policy intent and objectives of introducing ABF for mental health services. However it is acknowledged in the discussion paper that there is no nationally consistent system to classify or define mental health service activity. It also states that an “effective classification systems and reliable costing data are essential precursors to the price-determination function of the IHPA”. Neither of these exist for mental health services.

Mental health activity classification needs to reflect the clinical work that clinicians do and reflect the mix of cases for consumers in mental health care. A better Casemix classification system for Mental Health will provide a better, base funding model to then measure activity. In short a Casemix adjusted measure of mental health activity that measures the need for health care is required.

It should also be recognised that a clinical Casemix model is only half the Activity based funding story and consideration needs to be given to indirect activity that includes research, preventative primary health care, education, linkage to other health care services and NGO’s

Given this situation, the ACMHN believes the timetable proposed to introduce activity based funding for mental health service in July 2013 is highly ambitious. The ACMHN supports the continued use of block funding for mental health services while the current ABF mechanisms for mental health are refined. It also supports a more staged introduction of ABF for mental health services.

**Teaching, learning and research**

The ACMHN strongly supports the explicit acknowledgement of the teaching, learning and research activities of public hospital services. Teaching and learning activities support the development and retention of a highly skilled health workforce. Funding for teaching, learning and research activities support the achievement of a number of policy
goals, for example, innovation in clinical practice, safety in health care and workforce retention. The ACMHN therefore believes that the development of a funding approach to teaching, learning and research in public hospital services should be informed by broader health policy goals as well as the 4 overarching principles of the ABF.

The ACMHN is keen to be actively involved in further work on developing an appropriate funding system for mental health services. We look forward to working with the IHPA in this area.

Yours sincerely

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