Dear Mr John Feneley

Commissioner
NSW Mental Health Commission
Locked Bag 5013
Gladesville NSW 1675

By email: john.feneley@mhc.nsw.gov.au

Review of transparency and accountability of mental health funding to health services

Thank you for consulting with the NSW Branch in the development of this review and for inviting feedback on the resulting draft.

As mental health funding is an advocacy priority for the NSW Branch, we consider this review to be an extremely useful contribution. As discussed recently with the NSW Mental Health Commission (the Commission), our primary concern relating to funding for mental health is the continuing gap in the mental health budget compared to the burden of disease created by mental illness. Because the portion allocated to the treatment of mental disorders is so much less than it should be, it is especially important that taxpayers' mental health dollars are managed effectively and transparently.

The NSW Branch commends the Commission for initiating this review. It comprehensively describes the challenges around transparency and accountability for the use of mental health funding and identifies future approaches to address them.

The NSW Branch supports the recommendations under Chapter 9 of Living Well: a strategic plan for NSW mental health services 2014-2024 (Living Well) for greater transparency and accountability around the use of mental health funding. We consider the following issues to be current impediments to achieving these objectives, which are outlined in more detail in the attached response:

- Application of Activity Based Funding (ABF) to the whole spectrum of mental health services
- Complexity and variation in health system structure, administration and accounting processes
- Significant challenges with data quality in mental health (particularly for community based and non-admitted services)
- Ongoing lack of access to the National Mental Health Service Planning Framework (NMHSPF)
- Ongoing absence of public reporting of mental health service performance and client outcomes
- Lack of role clarification between Local Health Districts (LHDs), Specialty Health Networks (SHNs) and Primary Health Networks (PHNs) in the delivery of mental health services
- Risks associated with using Living Well as a major driver of ‘what is to be purchased’.

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Application of ABF to cover the whole spectrum of mental health services

The application of ABF across the whole range of mental health services presents significant challenges. A large portion of mental health care is delivered in the outpatient setting which does not align to other more diagnostically and therapeutically defined areas of healthcare (mostly provided through admission to a hospital) on which the concept of ABF is based.

As an unintended consequence, the ABF framework incentivises admitted activity over ambulatory or community based service provision. This is explained well in the review when it describes the example of a person who needs intensive support in the community, a case manager and a broad range of social support services, and notes that ABF does not currently work well to fund these care and support requirements. However, if a person has a one-off acute admission to a mental health inpatient unit via an emergency department (ED) with mental health follow up provided by their GP and private sector counselling, the ABF funding framework will allocate National Weighted Activity Units (NWAU) for the ED presentation and the acute mental health admission.

Furthermore, we agree with the concerns that some types of mental health care even within the admitted setting may fall between the cracks under ABF, depending on whether they are classified as part of mental health or as part of another ABF funded clinical service. The NSW Branch raised consultation-liaison psychiatry as an example.

We also agree with the findings of the review that this very important fundamental change in mental health funding and accountability has not been well communicated or fully understood by key stakeholders in NSW, including consumers, community organisations and clinicians. As the review recommends, further training and education is required across the board if the new approach is to be successfully implemented, even within the admitted setting.

Additionally, we believe there needs to be ongoing consultation with psychiatrists to ensure that the NWAU attributions effectively represent the costs related to components of mental health service delivery.

The review notes that the NSW Ministry of Health (the Ministry) has confirmed that health services can continue to be block funded for non-admitted mental health services if they wish to do so. The NSW Branch supports the recommendation of the review that a cautious approach is required to implementing ABF for non-admitted services, pending progress on the release of the NMHSPF (see below), successful implementation of the Australian Mental Health Care Classification (AMHCC) and improvements in mental health data quality.

It is important to note that regardless of the choice made by health services around funding for non-admitted health services, systems are required to transparently monitor funding inflows. The review correctly asserts that there are challenges around data quality and collection that need to be addressed to improve outcome and performance reporting for block funded services.

Complexity and variation in health system structure, administration and accounting processes

The NSW Branch agrees that variation in the administration, structure and accounting processes across and even within health services is adding to challenges around transparency and accountability for mental health service delivery. Even though there has been a solid movement towards NSW health service decentralisation, there should be a role for the Ministry to support services to standardise system structures and business
processes. The review notes in particular that there is considerable variation in the sophistication of business and financial management within and across health services. There is an opportunity for NSW Health to further develop training/education programs to lift business skill levels to ensure these services are being provided at an appropriate level across all services.

An in-depth review of the role of public sector mental health services is suggested to identify opportunities to improve integration, implementation of stepped care etc. (p. 50). The NSW Branch supports this proposal and adds that a review could also identify opportunities to further standardise business management processes.

**Significant challenges with data quality in mental health (particularly for community based and non-admitted services)**

The NSW Branch agrees that the new funding and management arrangements for mental health and other health services in NSW require detailed information on the types of services provided, service activity and costs.

We agree that the completeness, reliability, accuracy and timeliness of data collected and reported by mental health services, other than acute admitted data remains a major issue. The result is a low level of compliance, for example in collecting, entering and analysing HoNOS data.

It is widely accepted that as data gets used, its comprehensiveness and quality improves. It is extremely important if collection and reporting are to increase, that clinicians are engaged. Feedback from our members indicates that to date, the level of engagement around mental health service data in the new ABF environment is poor; they appear not to understand it or use it. We agree that the challenge is to embed appropriate data recording, reporting and analysis as part of routine clinical assessment, treatment and review. For this to occur, appropriate levels of training are required, along with agreed minimum datasets and effective, supported and maintained IT systems.

The NSW Branch understands that ongoing data quality issues are limiting the use of the Ministry’s Activity Based Management (ABM) portal, which in turn is affecting the delivery of comparative reports for non-admitted mental health services. These reports are available for mental health admitted services and other clinical specialities. As the review suggests, because of this, management of the complete spectrum of mental health services is disadvantaged compared to other areas of healthcare.

The NSW Branch agrees with the review recommendation that rather than pursuing occasions of service data for non-admitted mental health services, it would be more productive to focus on the effective implementation in NSW of the AMHCC system, including very importantly, training for mental health clinicians, managers and health services.

More generally we support the review recommendation to proceed cautiously with the replacement of block funding for non-admitted mental health services while a robust data quality framework covering services, costs, performance and outcomes is put in place.

**Ongoing lack of access to the National Mental Health Service Planning Framework**

The NSW Branch agrees that there is a higher level planning and needs ‘vacuum’ in mental health caused largely by the continuing lack of access to the NMHSPF. We are aware that Commonwealth funding was provided to the NSW Ministry of Health to develop the NMHSPF under the Fourth National Mental Health Plan (2009-2014), and the first phase of
the project was completed in September 2013. The NSW Branch is concerned that access to this crucial element of service planning for mental health remains unavailable.

It is interesting that in several recent planning guidelines, we note the framework is mentioned as a critical component of mental health service planning. An example is the Commonwealth’s guideline for regional planning for mental health and suicide prevention for Primary Health Networks (PHNs), in which use of the framework is frequently referenced as a source of planning information.

Continuing delays in access to the framework means it is difficult to estimate service needs and project requirements and to identify gaps in service provision. Without these contextual elements in place, the review correctly asserts that the development of KPIs and outcome measures, both important components of transparency and accountability, is challenging.

**Ongoing absence of public reporting of mental health service performance and client outcomes**

The NSW Branch agrees with the findings of the review that there is very little information available to consumers and the general public on the performance of public sector mental health services in NSW. We strongly believe that the Ministry and the Commission should work with the Bureau of Health Information (BHI) to initiate a regular reporting program on mental health service, performance and outcomes.

**Role clarification between LHDs, SHNs and PHNs in the delivery of mental health services**

We agree that the Ministry, the NSW and ACT PHN Council and relevant State and Commonwealth agencies should explore and agree on respective roles in the provision of mental health services to the people of NSW. This will assist in further refinement of purchasing frameworks, Service Agreements and clearly delineated KPIs.

**Risks associated with using Living Well as a major driver of ‘what is to be purchased’**

Even though it is a desirable objective to shift numbers of people with mental illness from admitted to non-admitted settings as described in Living Well, there is limited evidence to support a decrease in admissions for severe mental illness as a result of interventions occurring in the community and a growth in community mental health services. In fact, the evidence to date suggests a trend of increasing need for hospital admission when increased community mental health service activity levels unmask those living with untreated or suboptimally managed severe mental illness.

As we have previously indicated, this premise raises concerns for the NSW Branch, in that it has resulted in a lack of appropriate focus in our state-wide plan on admitted and subspecialty services.

The review makes the important point that even though Living Well provides a context for mental health planning in NSW (and as mentioned above, not one that the NSW Branch entirely supports), it is not a detailed planning document. We urge caution in the use of the suggestion on p19 that ‘The implementation of Living Well should be the major ‘driver’ of what is purchased’ in NSW.’

**Conclusion**

There is still much work to be done to embed a strong governance and accountability framework in NSW mental health services to ensure the availability of comprehensive,
person centred, high quality, evidence-based models of care for people experiencing a mental disorder.

For the priorities described in this response to be implemented a significant investment in resources and expertise will be required. We believe these additional resources need to be budgeted or vested in the NSW Ministry of Health.

If you have any further questions, please do not hesitate to contact the NSW Branch Policy and Advocacy Advisor, Penny Adams on penelope.adams@ranzcp.org or on (02) 9352 3604.

Yours sincerely

Dr Gary Galambos
Chair, RANZCP NSW Branch