NSW Parliamentary Briefing – Productivity Commission Inquiry into Mental Health

MHCC Position Paper MARCH 2021

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Key recommendations

MHCC priorities for action on mental health in NSW

- The NSW Government work with the Australian Government to implement the recommendations of the Productivity Commission Report into Mental Health to create a mental health system that place people at its centre and ensures people living with mental conditions get the services they need to lead contributing lives in their communities

- Increase resources to deliver codesigned psychosocial supports to the 46,000 people missing out on vital support.

- Provide additional funding in the 2021/22 NSW Budget, delivered over four years, for:
  - 5000 additional community living support places
  - 600 Step-Up Step-Down places
  - Integrated Community Mental Health Hubs.
  - Additional support models identified through local planning

- Apply the National Mental Health Service Planning Framework to estimate service gaps and inform additional investment.

- The NSW Government to actively support a new National Mental Health and Suicide Prevention Agreement, which clarifies responsibilities and additional funding for psychosocial services by each level of government. The Agreement should:
  - articulate the importance of psychosocial support services
  - set out a clear role in planning for community-managed mental health organisations, consumers and carers
  - establish performance and accountability mechanisms for each level of government
  - include a mechanism to ensure all funds intended for mental health services are used for delivery of mental health services.

- Introduce guidelines for services delivered by community mental health organisations to allow rolling five-year contracts based on ongoing review and achievement of objectives.

- Any transfer of psychosocial supports (outside of the NDIS) to state and territory governments, must include shared accountability between both levels of government to address gaps in funding to deliver these services.

- Elevate local solutions by encouraging collaboration between community-managed mental health organisations, local health districts and primary health networks.

Contents

Background

About the MHCC

The Mental Health Coordinating Council (MHCC) is the peak body for community managed mental health organisations (CMOs) in New South Wales. The purpose of the Council is to support a strong and sustainable community-managed mental health sector that provides effective health, psychosocial and wellbeing programs and services to the people of NSW. MHCC provides policy leadership, promotes legislative reform and systemic change, and provides resources and training to assist community organisations to deliver quality and effective services.

MHCC is also a founding member of Community Mental Health Australia (CMHA), the alliance of state and territory mental health peak bodies, which together represent more than 800 CMOs delivering mental health and related services nationally.

The MHCC believes substantial systemic reform is necessary to create a different kind of mental health system, one that is reflective of a trauma-informed recovery-oriented approach to care, treatment and support. One that promotes a human rights perspective that aligns with the United Nations Convention on the Rights of People with a Disability and which maximises self-determination and social inclusion promoting a co-design imperative in every aspect of service design and development.

Many recent reviews and reports have argued that the mental health system needs more resources to shift the emphasis from hospital treatment towards prevention, early intervention and community-based support. There is significant evidence that quality services delivered in the community provide better outcomes for people, carers and their families and this takes pressure off other parts of the health system[1].

[1] MHCC Submission to Productivity Commission Inquiry, Jan 2020

The Productivity Commission Inquiry into Mental Health

The Australian Government tasked the Productivity Commission to inquire into the role of improving mental health to support economic participation and enhancing productivity and economic growth[2]. This followed concern that an increasing number of Australians were experiencing mental health conditions that affect not only the individual and their families' social engagement and connectedness, but can also reduce economic participation, incomes and living standards.

The Productivity Commission, Mental Health Inquiry, Terms of Reference, outline the underlying rationale for the inquiry as follows:

"Mental ill-health affects all Australians either directly or indirectly. Almost one in five Australians has experienced mental illness in a given year. Many do not receive the treatment and support they need. As a result, too many people experience preventable physical and mental distress, disruptions in education and employment, relationship breakdown, stigma, and loss of life satisfaction and opportunities".[3]

Most people with mental ill health experience mild and episodic symptoms and continue to participate in social activities and work, albeit with reduced capacity. For others, "mental ill health significantly impairs social and economic participation, with flow on effects to carers, family and friends. Mental illness is the largest contributor to years lived in ill health for people aged under 50 years (AIHW 2019c). While this is similar to the average experience of developed countries (OECD 2012, 2014b), it nonetheless remains unacceptably high for a society that cares about the wellbeing of its people and has the capacity to assist them."[4]

The inquiry examined the effect of mental health on people's ability to participate in and prosper in the community and workplace, and the effects it has more generally on the economy and productivity. It also looked at how governments across Australia, employers, social services, housing and justice can contribute to improving mental health for all Australians.

The Productivity Commission Mental Health Inquiry Final Report (the Report) reinforced the necessity for governments to act urgently on the recommended reforms of Australia's mental health system. The Report recommended extensive reforms to improve the mental health of all Australians to enable them to realise their potential in life and have an opportunity to make the contribution they want to their community. The Report emphasise that, "everyone stands to benefit from a reformed mental health system, not just those who currently experience mental ill-health".[5]

[2] Productivity Commission, Mental Health, Inquiry Report, Terms of Reference, Volume 1, p.3.

[3] Productivity Commission, Mental Health, Inquiry Report, Volume 1, No:95, 30 June 2020, p.2.

[4] Productivity Commission, Mental Health, Inquiry Report, Volume 2, No:95, 30 June 2020, p.87-8.

[5] Productivity Commission, Mental Health, Inquiry Report, Volume 2, Inquiry scope and our approach, Vol 2, pp. 87-88

The Report provided 21 recommendations with 103 associated actions spanning five key themes

- prevention and early help for people

- improve people's experiences with mental healthcare

- improve people's experiences with services beyond the health system

- equip workplaces to be mentally healthy; and

- incentives and accountability for improved outcomes.[6]

Reform of the mental health system would produce large benefits according to the Report. "These are mainly improvements in people's quality of life — valued at up to $18 billion annually. There would be an additional annual benefit of up to $1.3 billion due to increased economic participation. About 90% of the benefits — about $17 billion — could be achieved by adopting identified priority reforms, requiring expenditure of up to $2.4 billion and generating savings of up to $1.2 billion per year."[7]

[6] MHCC Comments on Productivity Commission Report Recommendations, 1 February 2021.

[7] Productivity Commission, Mental Health, Inquiry Report, Volume 1, p.2.

MHCC Response to the Report Recommendations

Overview

The Productivity Commission Inquiry clearly demonstrates extensive reform of Australia's mental health system is required. MHCC is committed to the well-being of the community and endorses the findings of the Report.

This position paper addresses issues most pertinent to MHCC members and community-managed mental health sector. This does not in any way indicate that the other recommendations are less important.

MHCC urges governments to take urgent action to reform and realign the mental health system. It is imperative to increase resources to provide vital community-based services to the many people who are not receiving the support they need.

Many of the Report recommendations are directed to addressing the key gaps and barriers that lead to poor psychosocial outcomes. The Report recommends that community treatments and supports should be expanded for people who do not require hospital care but do require more care and support than provided by a GP – the "missing middle". People living with mental health conditions should be able to get the services that are right for them when they need them, and that are flexible enough to meet their changing needs.

The recommendations which address navigating the system, creating a person centred mental health system and providing community-based services including psychosocial supports (12,13,15,17) along with those which clarify government responsibilities, planning and funding arrangements (Recommendation 23, 24) should be early priorities for action.

While all recommendations are important, it is the view of the Mental Health Coordinating Council that Recommendations 17 and 23 are crucial to improving the availability of psychosocial support services delivered by community mental health organisations and the quality of lives of people with a lived experience of mental illness.[8]

Improving the availability of psychosocial supports

Improvements in the availability of psychosocial supports is addressed through the Productivity Commission Recommendation 17 based on the finding that the provision of these services over time, "has been hampered by inefficient funding arrangements and service gaps".[9] Recommendation 17.3 calls for the quantum of funding allocated to psychosocial supports to be increased over time to meet the shortfall of these important services.[10]

[8] MHCC Response to Recommendations of Productivity Commission Report, February 1, 2021, p.1.p.1.

[9] Productivity Commission, Mental Health, Inquiry Report, Volume 3, p.826

[10] Productivity Commission, Mental Health, Inquiry Report, Actions and Findings, p.76.

Getting access to psychosocial support services is of profound importance to people with a lived experience of mental illness. Psychosocial support and rehabilitation services delivered by community-managed mental health organisations play a vital role in maximising recovery for people living with enduring mental health conditions. These services support people to manage self-care, improve social and relationship skills and achieve an improved quality of life in relation to physical health, social inclusion, secure accommodation, education and employment.[11]

The Commission argued that it is possible for people with mental health conditions to live well in the community when they have the right mix of medical, psychosocial rehabilitation and support services. It is critical for people experiencing mental health conditions to be provided with the right services at the right time. In particular, the cycling of people in and out of hospital at great personal cost and cost to taxpayers, should be addressed. Emergency departments should not be the primary entry point for people needing support with their mental health. More community-based alternatives need to be developed and hospital discharges into homelessness should be avoided.

Importantly, the report found that community treatments and supports should be expanded for people who do not require hospital care but do require more care and support than provided by a GP - the group that has been described as the " missing middle". Seamless care between hospital and community services for people recovering from a suicide attempt should be a priority, as should reducing the life expectancy gap for people with severe mental and physical illness.

The Report reveals that spending on psychosocial support services delivered in the community by the non-government sector is still far too low. There is also an imbalance in the mental health system with more resources spent on the acute care sector in hospitals than on community-based services.

The Productivity Commission's recent Report on Government Services (ROGS) shows that nationally only 12.7% of the total mental health budget is spent on psychosocial and rehabilitation services provided by community managed services.[12] It also shows that NSW has one of the lowest levels of spending on mental health services delivered by community mental health organisations.[13]

Utilising the National Mental Health Services Planning Framework, the Productivity Commission estimates that nationally 154,000 people will still be missing out on crucial psychosocial support services at full implementation of the NDIS.[14]

The estimate of people who are missing out on psychosocial support services in NSW would be approximately 46,000 based on the size of the NSW population.

[11] MHCC Response to Recommendations of Productivity Commission Report, February 1, 2021.

[12] Productivity Commission Report on Government Services: Mental Health, 2021.

[13] Productivity Commission Report on Government Services: Mental Health, 2021.

[14] Productivity Commission, Mental Health, Inquiry Report, Volume 3, p. 862.

The latest ROGS (January 2021) shows in FY18-19 NSW spent 7.35% of its mental health budget on psychosocial support services (community residential and non-government organisations) which is the lowest in Australia, and less than half the per capita spend of Victoria. Given this, the simple population-based calculation for NSW above is likely a considerable underrepresentation of the actual deficit.

What are psychosocial support services?

Psychosocial support and rehabilitation services play a vital role in maximising recovery for people living with enduring mental health conditions. They promote personal recovery, successful community integration and an improved quality of life for persons living with mental health conditions. They embody the values and principles of a trauma-informed recovery-oriented culture and practice approach.

Psychosocial rehabilitation is designed to target the specific difficulties that arise when people have a severe and enduring mental health conditions. Psychosocial rehabilitation services and supports are collaborative, person directed, and individualised, and an essential element of the human services spectrum. They focus on helping individuals develop skills and access resources to increase their capacity to be successful and satisfied in the living, working, learning and social environments of their choice and include a wide continuum of services and supports.[15]

In NSW psychosocial rehabilitation and support services are largely provided by community-managed organisations.

Core activities include accommodation support and outreach, employment and education support, leisure and recreation activities, family and carer support, self-help and peer support, helplines, counselling, rehabilitation and clinical care services, online programs as well as promotion, information and advocacy.

It is important to note that CMOs are not a service system as such but a collection of individually funded organisations. Some CMOs provide commissioned services and programs through Primary Health Networks (PHNs) whilst others provide a range of services and/or individual packages funded by state or Commonwealth agencies.[16]

The benefits of psychosocial support

Evidence clearly demonstrates that people accessing psychosocial rehabilitation and support programs and services, stay well for longer; have more chance of completing their educational goals; gaining and sustaining employment and experiencing social participation and achieving a ‘contributing life’. This greatly impacts both on admission and readmission rates to hospital thus reducing the need for more acute services in mental health facilities.

[15] MHCC Submission to Productivity Commission January 2020, p.5.

[16] Ibid

Evaluation of the Housing Accommodation Support Initiative (HASI) and Community Living Supports (CLS) programs (see text box) provide evidence of the effectiveness of these programs in keeping people well in the community and improving quality of life.

Findings from an evaluation conducted by the University of New South Wales in 2012 demonstrate that HASI has provided significant benefits for those who have received support from the program as well as the broader NSW community.

- This evaluation demonstrated a **24% reduction in mental-health related hospital admissions** following HASI supports;
- a **51% reduction in emergency department presentations** following two years of participation
- **$30 million in savings each year** (in 09-10 dollars) compared to an allocated budget of $118 million for 4 years from 2006 to 2010.

What is HASI?

Housing and Accommodation Support Initiative (HASI) & Community Living Support (CLS) services help people to achieve their own unique goals. The types of support people receive depends on their individual needs and what they want to achieve. People in the program often get help with: daily living skills like shopping, looking after finances, cooking or catching public transport; remembering appointments, medications and other treatments; meeting people in the local community and participating in social, leisure or sporting activities; learning new skills; accessing education or help to get a job; moving from a hospital or a prison back to home; accessing other supports like alcohol and other drug services and the National Disability Insurance Scheme (NDIS). The level of support is flexible. Some people might need only a few hours of support a week while some HASI consumers might get more than 5 hours support a day.

HASI providers and mental health services work closely with the NSW Department Communities and Justice (previously FACS) because many HASI participants live in social housing. However, a person is not automatically eligible for public or community housing just because they are a HASI participant. The normal application process and eligibility criteria for social housing apply. CLS is a more recent addition to the service program.

The beauty of these initiatives is that they support people to maintain secure stable housing that they can call home. This level of security really helps people remain well in the community, with support that can be altered according to need that may fluctuate over time.

To rebalance and reorient the entire mental health system to improve the lives of those missing out on services will be complex but a number of steps can be taken in the short term. Primary Health Networks (PHNs), Local Health Districts (LHDs) and Community Managed Organisations are critical parts of the solution. LHDs public community mental health services are also essential in an integrated holistic mental health system and should be increased and adequately resourced.

Steps toward better support

The Productivity Commission finding that 154 000 people in Australia (46,000 in NSW) will still be missing out on psychosocial support services at full NDIS rollout has highlighted an untenable gap in the availability of psychosocial support services relative to estimated need.

The Productivity Commission's recommendation presents an opportunity for the NSW government to work with the Australian Government to increase investment in services in the community.

Without adequate community support programs and services there will be a growing demand for acute and crisis care options. Evidence from the evaluations referenced earlier in this paper demonstrates the capacity of psychosocial supports to reduce hospitalisations and emergency department presentations as well as improving individual's quality of life and increasing the economic contributions they can make. MHCC has previously advocated for expansion of crucial psychosocial support services to rebalance the NSW mental health system.

A report developed by MHCC in conjunction with KPMG in 2018 found that an additional $180 million per year would be required to support the almost 5000 people in need of community living supports and $88 million per year for an additional 600 Step-up Step-down places. This report also found these investments would pay for themselves through savings in other parts of the health and human service systems with a return of investment of 1 or higher.

The services and size of the final investment to be made by governments should be informed by the National Mental Health Service Planning Framework.

Specifically, the first tranche of services required are:

- Community-living supports for an additional 5000 people, so people can remain living in their home with levels of support to be tailored according to need
- A Step-Up Step-Down program with 600 places to enable people leaving hospital to return home in a gradual and supported way
- Mental Health Hubs to provide an expanded model of coordinated care and make the mental health system easier to navigate

Detailed local planning may identify additional appropriate support models within those local communities.

Given the historical underinvestment by the NSW government in this service type, and the large population deficit of places in NSW implied by the Productivity Commission

calculations, immediate action is needed. Additional funding should commence in the 2021/22 NSW Budget with the full rollout of services to be completed over four years.

Regional planning for psychosocial support services

Regional planning be undertaken with the participation of CMOs to estimate NSW gaps in psychosocial support services. The size of the gap in individual geographical catchments must be estimated through a collaborative approach between CMO's, PHNs and LHD. CMOs should be included as important partners in this planning process. For psychosocial support services to have the greatest impact in improving lives, there must also be holistic mental health service systems in place that are sufficiently resourced, integrated and work collaboratively.

The work of the Productivity Commission relied on the National Mental Health Service Planning Framework (NMHSPF) to assess need and service gaps.

The NMHSPF is an invaluable planning tool and is the only known attempt to assess need nationally in Australia, overcoming the historical accountability transfer and counter-transfer between state and federal governments.

Over 250 experts contributed to the NMHSPF development over many years, including consumers, senior figures with expertise in the delivery of psychosocial support services and academics with published research and data to support the estimates provided. The NMHSPF recently was endorsed by the Commonwealth Government for use by PHNs to estimate mental health service needs and provide data for service planning.

The NMHSPF is however just a tool designed to estimate global needs in standard populations. It does not account for regional variations or local complexities. As such local knowledge is required to translate the outputs of the tool into clear service plans to meet the needs of local populations, that can be implemented consistent with the skills available in those populations. Those service plans must be overseen by regional governance structures in which CMOs have an equal determinative voice.

Page 1138 of the Report details a set of specifications recommended by the Productivity Commission to be included in guidelines for regional planning approaches, including how to tackle 'gap' analyses, determining service mix and minimum standards of service availability. All processes documented by the Productivity Commission in these guidelines should incorporate central involvement of local CMO agencies, along with consumer and carer voices. Working together CMOs, PHNs and LHDs could quickly calculate the need for local and regional psychosocial support services by type and volume and therefore the current gap. CMOs must be involved in regional planning structures and have a meaningful role in the governance that supports those structures. Effective regional planning can be supported by use of the NMHSPF but requires the

expert knowledge of CMO services in that local region to get right. Evidence of the inclusive participative process in the development of regional plans should be provided to both the National Mental Health Commission and state/territory based mental health commissions where they exist.

While the NMHSPF has taken many years to develop by State and Commonwealth governments, it should continue to be refined and updated to support accurate service planning and therefore estimates of funding requirements. CMOs should be actively involved in the governance structures that oversee maintenance of the tool and actively involved in the process of continual expert review. The new National Mental Health and Suicide Prevention Agreement should enshrine the role of CMOs in regional service planning.

New contract management guidelines

Develop, publish and implement new contract management guidelines for CMO contracts to be used by funding agencies. Business certainty is crucial to good client care.

The impacts of uncertain and tenuous contracts on service provision, recruitment and consumer and staff well-being are clear and the Productivity Commission recommended minimum five-year contracts for providers with clear and early renewal advice at Action 17.1.

The Productivity Commission in its report on the NGO sector in 2010[19] indicated at recommendation 121 that there should be no presumption that open tendering is the best option for the purchase of service provision particularly when service purchasing is not genuinely contestable. They went on at recommendation 122 to recommend that where genuine contestability was at issue, that governments should engage in long term joint ventures that build improvement and innovation through continuing evaluation and are predicated on the certainty of rolling funding. “The length of service agreements should reflect the length of time required to achieve agreed outcomes and not arbitrary time frames” (125) and “governments should streamline their tendering processes to reduce compliance costs” (127). It is also noteworthy that it costs government departments in human resource time and advertising costs, each time a competitive tender process is undertaken.

A five-year contract provides relative certainty for staffing and investment decisions. It allows for business risk to be managed with minimal impact on consumer care and provides for greater stability in consumer/provider relationships. Importantly it also reduces the need for government staff to engage in expensive tendering processes. All these outcomes lead to a better investment return for government. Providing an option to renew the contract without further open competition can further enhance these benefits. This would need to be based on having met the contract conditions and activity levels, having maintained all necessary accreditations, and having demonstrated

[19] ‘Contribution of the not for profit sector’, Australian Productivity Commission 2010.

appropriate corporate governance. It would assist services to have a presumption of renewal in the absence of performance issues. This is entirely consistent with how specialist health services funded in Local Health Districts are treated, and with how senior executive staff employed by government are contracted.

Governments should develop guidelines consistent with this approach that allow for rolling five-year contracts, based on continuous review and the achievement of agreed objectives, to position the NGO sector as genuine partners in the delivery of mental health care. These guidelines should be promulgated and implemented by funding bodies including health departments and ministries, primary health networks and local health districts.

Improving planning and funding arrangements

Additional immediate investment is necessary but in the longer-term improved planning and funding governance arrangements, including clarity of accountability for outcomes, is central to better experiences for people with a lived experience of mental illness. The benefits of CMOs along with consumers and carers being involved in regional planning are dealt with above, however the PC makes other pertinent recommendations regarding planning and funding in particular that, "Mental health planning and funding arrangements should be reformed to remove existing distortions, clarify government responsibilities and support regional decision making."[20]

Governance arrangements would also be simplified through the development of a new National Mental Health and Suicide Prevention Agreement, Recommendation 23.3. Recommendation 23.2 calls for States and Territory Governments to take on sole responsibility for psychosocial supports outside of the NDIS.[21]

Superficially there are benefits to a single level of government responsibility. This would allow for the establishment of a unified policy and program approach within state and territory jurisdictions removing the duplication evident when both levels of government set their own policy and program mechanisms. Integration with tertiary clinical services would be improved. It allows for unified consultation mechanisms to improve approaches and a clear pathway to raise issues that may be impacting service delivery. It also simplifies identification of the accountability point for performance.

However, these benefits can only be achieved if both levels of government remain accountable for the provision of funding. Commonwealth funding provided to the states should be on the basis that the Commonwealth minimises its performance objectives to relevant high-level measures and allows states and territories to establish primary policy approaches and performance measures that are locally relevant. The Commonwealth as the primary revenue receiver and disperser in our federation must remain accountable for the provision of funding to this mechanism and must retain equal accountability with the states for addressing gaps in funding for the delivery of

[20] Productivity Commission, Mental Health, Inquiry Report, Actions and Recommendation, p.82

[21] Ibid, pg.82

services. The risk that recommendation 23.2 allows the Commonwealth to 'absent the playing field' must be mitigated. Careful attention should also be given to the transition process so that there is certainty for providers and stability for consumers of the psychosocial support services.

Consideration should be given to a single level of government policy and performance accountability for psychosocial support services as part of the negotiation of the new **National Mental Health and Suicide Prevention Agreement.**

The Agreement should also stipulate:

- A clear articulation of the importance of psychosocial support services and their role in the national service system.
- A clear role in planning for CMOs and consumers and carers.
- Clear performance and accountability mechanisms for all levels of government.
- Articulation of how service delivery will be scrutinised and by whom.
- A mechanism to ensure the integrity of funding intent is maintained when funds are applied operationally. This is particularly important in ensuring that all funds directed to mental health services are used for the provision of mental health services.

Concluding Position Statement

MHCC endorses the Productivity Commission findings, particularly those that reveal spending on mental health services delivered by the crucial non-government sector is still far too low.

NSW has the one of the lowest levels of spending on mental health services delivered by community managed mental health organisations. Immediate Government action is required to address this.

The Government needs to invest in a greater number of services and programs, provided in the community by organisations with a strong local presence so people get the services they need in the right place, at the right time. Not only is the investment in people's lives morally required but the findings of the Productivity Commission Inquiry make the benefits of that investment to the whole community clear.

It is understood that some of the Productivity Commission inquiry recommendations require the negotiation of agreements and the development of informed planning processes, however this does not preclude the capacity for, or mitigate the necessity for, immediate action on the most pressing of needs identified in the report. Funding for more support places can be committed now.

The Productivity Commission Inquiry findings repeat those of numerous other Commonwealth and state and territory parliamentary enquiries, reviews and Royal Commissions into the mental health sector.

It is no longer acceptable for the fundamental outcomes of these inquiries and reviews to be ignored or delayed through yet further investigations and review. Lives are being lost, quality of life diminished and action is needed now.

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