



SUBMISSION

PHI 61/08 2 December 2008

Private Health Insurance (Complying Product) Rules – Pilot Projects

The *Private Mental Health Consumer Carer Network (Australia)* (hereafter Network) represents Australians who have private health insurance and receive their treatment and care, and those that care for them, from private sector settings for their *mental illnesses or disorders*. As our title implies, the Network is the authoritative voice for consumers and carers of private mental health settings.

The Network is committed to working with the Government and would be pleased to work with the Private Health Insurance Branch in addressing the needs of people with a mental illness. Mental health brings with it many challenges. As a consumer and carer organisation we are in a unique position to provide direct lived experiences and would welcome the opportunity to engage in further consultations, either independently or with other relevant organisations.

Introduction

The principle which underpins community rating is crucial to those with a chronic mental health condition. The Network advocated for some time, in a variety of forums for legislative reform to allow health insurers to pay for services outside of the hospital setting and of the defined 'admitted patient' status. With the thrust to greater service provision in the community the Network welcomed the broader health cover arrangements which allow now for services to be provided and paid for by health insurers as alternatives to hospitalisation.

Pilot Projects

Two of the Network members were intimately involved during 1997 and 1998 in the pilots and evaluations of the Outreach Services for psychiatry, rehabilitation and palliative care. This created considerable 'red tape' with the requirement of legislative amendments. The Network considers that the streamlining of the process now available is very welcomed.

1. A pilot project's primary purpose must be to trial and develop – with a limited group of policy holders – a program that is being considered for broader implementation.

The Network considers it crucial that the primary purpose of any pilot project must be to trial, **with a view to later implementation**, a program which has the potential to offer better outcomes to members. The Network considers that clear definitions be determined as well as clear criteria regarding the **conduct, scope and purpose** of any pilot projects.

2. Participation in pilot projects must be free of additional charge to insured persons.

3. Insurers can risk equalise some of the costs of pilot projects where the projects involve eligible benefits.

The Network strongly supports point two above as it applies to the people that we represent. Clearly, members participating in any pilot project must be free of any additional charges. Any further costs that may be incurred by the health insurer/partner organisations should be met by those organisations as part of the pilot projects.

4. Participation in pilot projects must be voluntary.

5. Insurers may define criteria to establish who might most benefit from participating in a pilot project.

The Network views very strongly that participation in **ALL** pilot projects must be voluntary.

In relation to point 5, we are concerned that in terms of mental health, some people with diagnoses that are more difficult to treat but which could benefit greatly from inclusion in pilot projects could be rejected by health insurers under defined criteria. Eg eating disorders, personality disorders. The Network would welcome discussions with Government and health insurers about how this situation could be taken forward in a proactive and meaningful way.

6. Pilot projects must not run longer than two years.

7. Insurers must develop a written plan for a pilot project (including a timeline and evaluation process) prior to commencement.

The Network has concerns about the timeline of two year maximum duration. It has been the experience of some consumers that a two year period becomes the norm of service delivery. They experience great difficulty if the pilot/demonstration project ceases as they have become used to and often reliant upon the services offered.

We would ask that strong consideration be given to reducing the time period.

We do however understand that to obtain broad evaluation as to the effectiveness and outcomes, a reasonable time should be appropriated.

In terms of point 7, we strongly support the development of written plans which include the time period and evaluation process prior to commencement but the Network also strongly supports any written plan must also include the **conduct, scope and purpose** as well as including details of a **formal and independent evaluation** process.

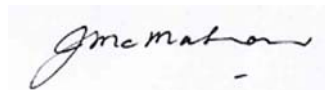
Conclusion

The Network strongly supports health insurers' ability to conduct pilot projects aimed at preventing hospitalisation and assisting those with chronic mental health conditions to better manage their illness. The Network agrees that this provides opportunities to explore innovation in service delivery, better use of the health insurance dollar and potential for better outcomes for their members.

In acknowledging the opportunity for innovation in service delivery, private hospitals are in a good position to partner health insurers. Privately insured patients are referred by private practitioners under their admitting rights. In terms of chronicity, the private hospitals generally, have a relationship with both the patient and the practitioner.

In terms of products emerging from successful Pilot Projects, the Network strongly supports the compliance of those products and compliance with community rating provisions.

I would be very happy to discuss any aspect of this Submission or indeed anything relating to private health and the mental health area. My contact details are on the letterhead of this Submission.



Ms Janne McMahon OAM
Independent Chair
23 January, 2008

Sent To: Ms Anne Rosenzweig,
Private Health Insurance Branch, MDP 86,
Department of Health and Ageing
Via email: anne.rosenzweig@health.gov.au