

The journey to activity-based funding for community mental health care delivered by Australian public hospitals

PCSI Conference - May 2024

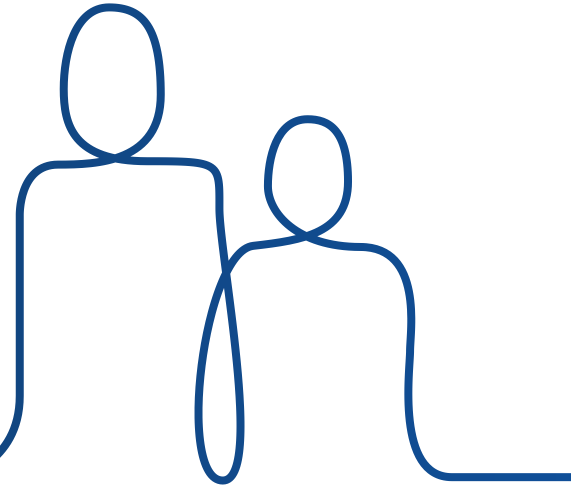
Julia Conway

Director, Hospital Policy Projects

Independent Health and Aged Care Pricing Authority

Independent Health and Aged Care Pricing Authority (IHACPA)

- Independent government agency established under the *National Health Reform Act 2011*
- Responsible for developing the data collection, classification and pricing systems that enable the application of activity-based funding (ABF) for Australian public hospital services
- Delivers annual determination of the national efficient price and national efficient cost for public hospital services



Australian public hospital funding

Commonwealth growth funding contribution determined by the:

- National Efficient Price for services funded on an activity basis
- National Efficient Cost for services funded on a block basis

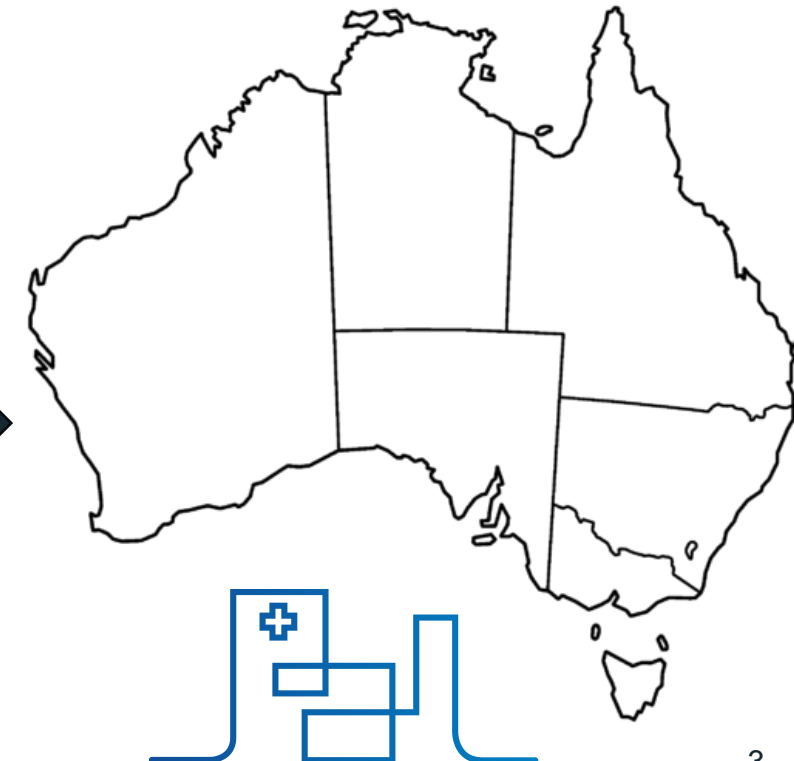


State or territory funding contribution

- Based on the needs of that state/territory's population



Total funding for Australian public hospital services



States and territories are the system managers of public hospital services

Block-funded public hospital services

Block funding is used for services not currently suitable for activity-based funding

State / Territory	Teaching, training and research	Non-admitted mental health (excluding CAMHS)	Non-admitted CAMHS	Non-admitted home ventilation	A17 List	Other public hospital programs ⁶
NSW	\$794,228,514	\$646,293,706	N/A	\$22,854,901	N/A	N/A
Vic	\$401,328,701	\$1,014,040,174	\$168,335,020	\$21,534,682	\$22,709	N/A
Qld	\$427,527,390	\$651,303,664	\$207,061,762	\$18,302,644	\$8,218,828	\$7,374,390
SA	\$122,194,386	\$145,539,179	\$36,804,138	\$2,735,817	\$7,525,723	\$19,551,875
WA	\$325,416,046	\$397,552,661	\$85,401,665	\$14,691,670	N/A	N/A
Tas	\$50,367,658	\$66,126,517	\$21,491,536	\$2,944,712	N/A	N/A
NT	\$42,130,347	\$30,253,629	\$4,051,173	\$92,610	N/A	N/A
ACT	\$61,873,075	\$52,768,605	\$11,367,056	\$1,535,368	N/A	N/A

Block-funded public hospital services

Block funding used for services not currently suitable for activity-based funding

Over \$3.5 billion in non-admitted mental health care services block funding nationally

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Policy basis for transition to ABF

- National Health Reform Agreement (NHRA, 2011):
 - “**Commonwealth funding will be provided on the basis of activity through Activity Based Funding** (ABF) except where it is neither practicable nor appropriate.”
- Royal Commission into Victoria's Mental Health System (2021)
 - “applying an activity-based funding model will **shift the emphasis from the inputs and processes** of mental health and wellbeing services **towards value and, importantly, the outcomes and experiences that consumers consider are important**”
- Mid-term Review of the Addendum to the NHRA (2023)
 - “The NHRA should reaffirm the commitments to improving mental health outcomes through the separate *National Mental Health and Suicide Prevention Agreement*, utilising the mechanisms agreed through the NHRA, including models of care, **financing**, innovation and performance monitoring, to progress agreed actions in the area of mental health.”

Objectives of ABF



Funding transparency and accountability



Support timely access to high quality services



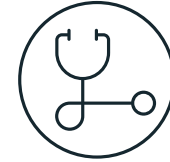
Account for consumer complexity and care needs



Support improved consumer experience and outcomes



Enable benchmarking



Promote delivery of high quality, efficient care



Improve funding sustainability, efficiency and value



Same price for the same service across providers



Support service and facility planning



Support epidemiology and public health research

Preparation for ABF implementation



Developing the Australian Mental Health Care Classification (AMHCC)

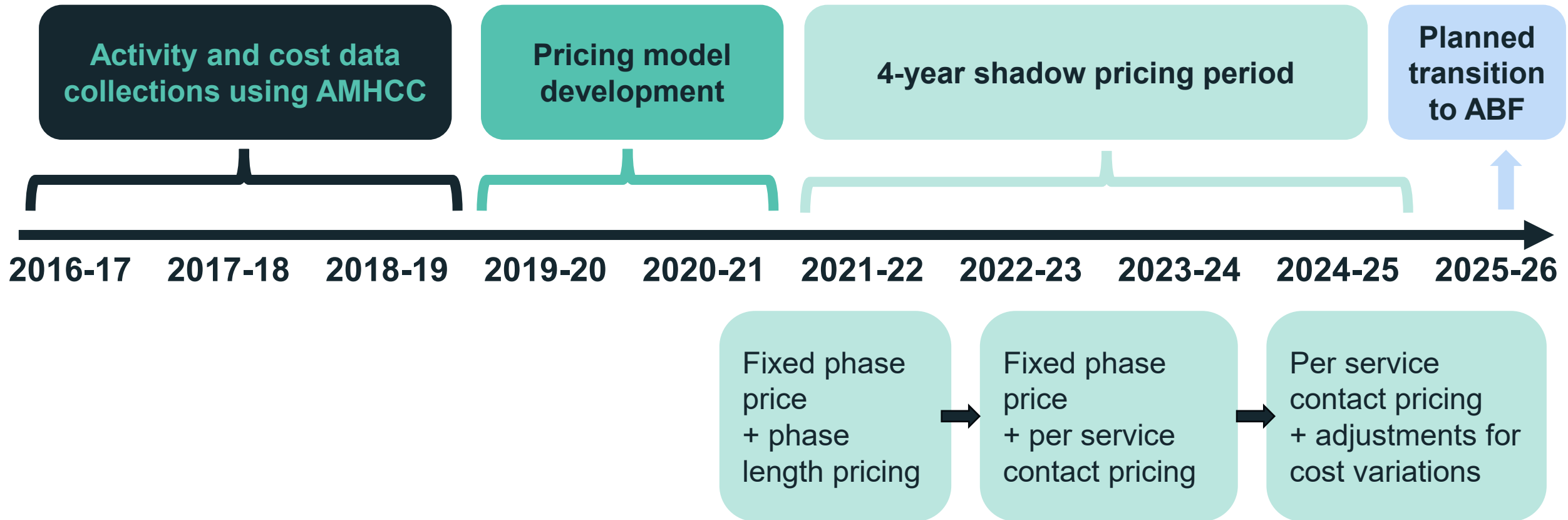
Developing and refining the pricing model

Modelling pricing and funding impacts

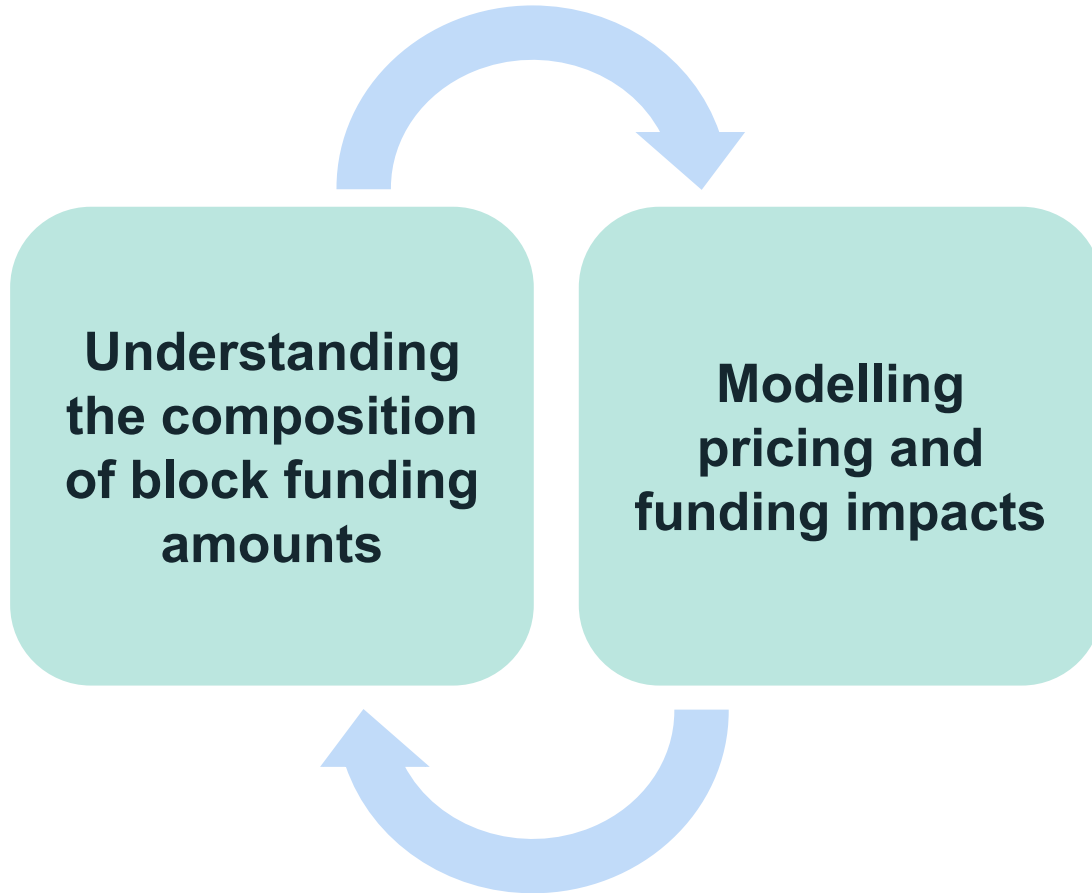
Considering service delivery structures and economies of scale

Supporting clinician and service manager understanding of the AMHCC and ABF

Pricing model development



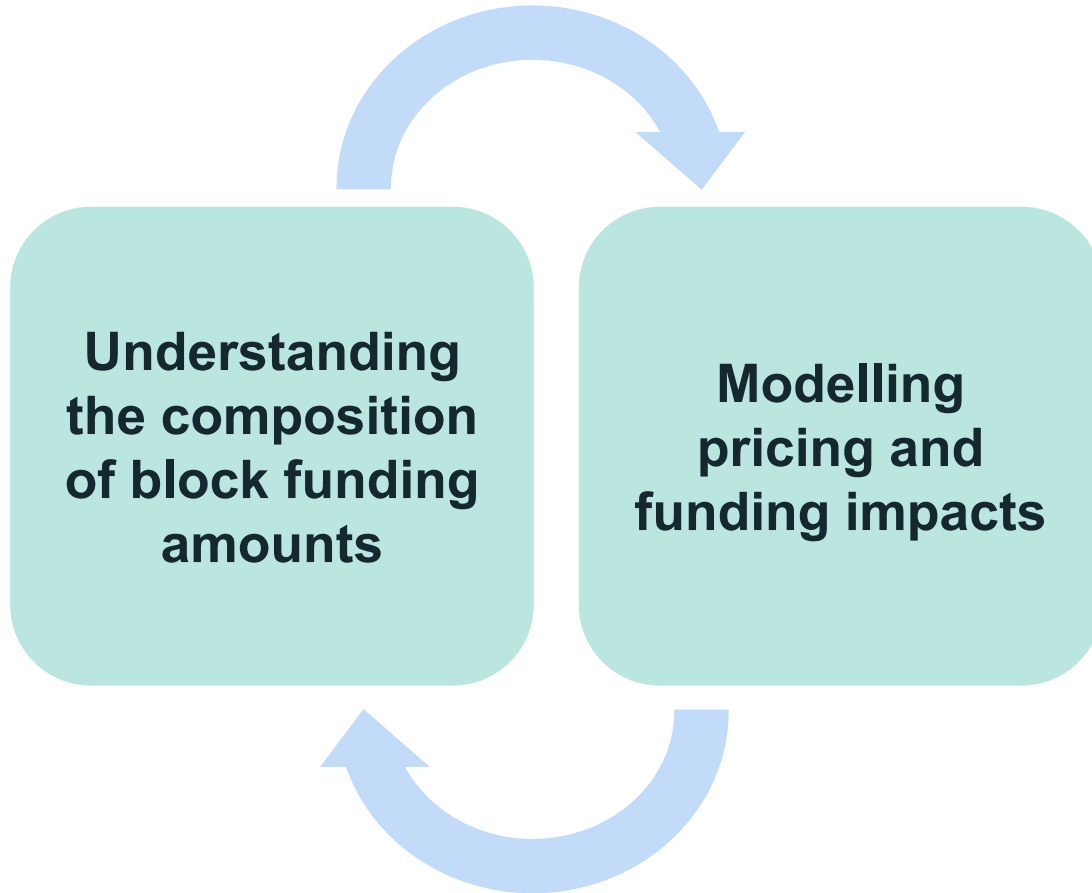
Modelling pricing and funding impacts



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NSW	\$794,228,514	\$646,293,706	N/A
Vic	\$401,328,701	\$1,014,040,174	\$168,335,020
Qld	\$427,527,390	\$651,303,664	\$207,061,762
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Source: National Efficient Cost Determination 2023-24

Modelling pricing and funding impacts



State / Territory	Teaching, training and research	Non-admitted mental health (excluding CAMHS)	Non-admitted CAMHS	Residential mental health
NSW	\$842,676,453	\$685,717,622	N/A	N/A
Vic	\$430,754,863	\$819,481,302	\$227,413,189	\$165,243,243
Qld	\$500,779,160	\$645,506,206	\$201,151,367	\$77,693,090
SA	\$127,066,265	\$159,488,776	\$37,739,035	N/A
WA	\$345,266,425	\$416,812,247	\$103,552,606	\$16,814,130
Tas	\$51,828,322	\$76,821,706	\$25,132,336	\$61,758,283
NT	\$44,700,298	\$32,099,100	\$4,298,295	N/A
ACT	\$63,667,394	\$54,298,894	\$11,696,701	N/A

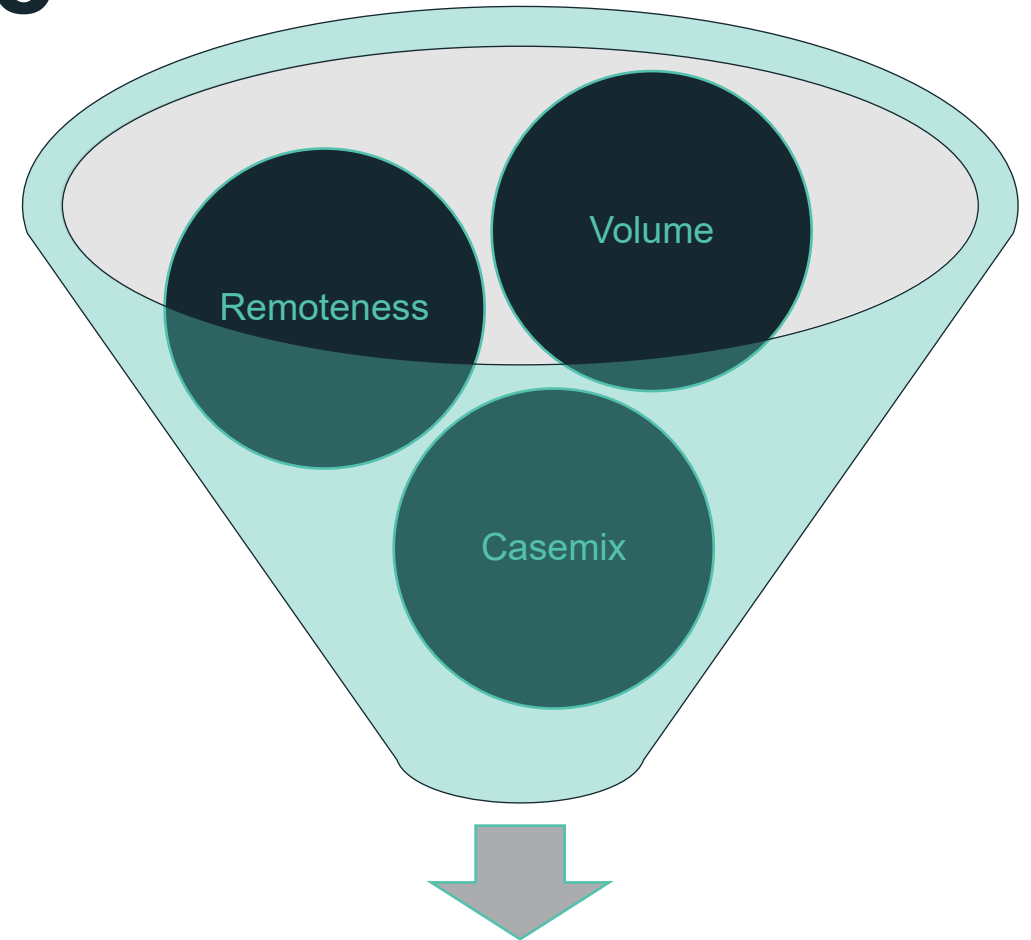
Source: National Efficient Cost Determination 2024-25

Considering service delivery structures and economies of scale

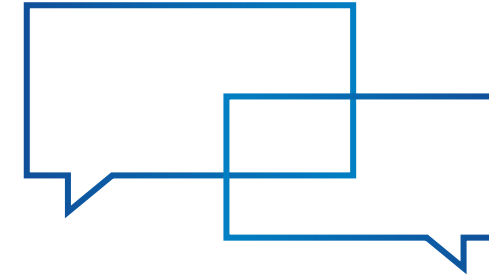
Should some community mental health care services remain block funded?

How can we develop nationally applicable block-funding criteria and arrangements?

How will these evolve in the short- and long-term?



Supporting clinician and service manager readiness



Additional resources

- **Mental Health Phase of Care Overview Video** — a consumer-centred overview of MHPoC.
- **Mental Health Phase of Care Application Video** — examples of how to apply MHPoC in clinical settings.
- **Mental Health Phase of Care Resources for Educators** — resources for inclusion in eLearning programs, and guides for running short education sessions in team meetings and other settings.
- **Mental Health Phase of Care Journey Maps** — examples of use of the MHPoC in different settings for different consumers.
- **Mental Health Phase of Care Webinars** — recording and information on how to run a MHPoC webinar.

Future opportunities

ABF implementation will enable:

- more consumer-centred, transparent funding
- increased responsiveness of community mental health care funding to changes in service cost, distribution and utilisation
- consideration of more sophisticated classification, pricing and funding approaches over time

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