TITLE:

Developing a national mental health care classification for activity based funding

Introduction

The Independent Health and Aged Care Pricing Authority (IHACPA) is responsible for developing and reviewing Australian casemix classifications which aims to facilitate a nationally consistent, evidence-based and transparent method of classifying patients, their care and associated costs in order to provide better management and funding of high quality and efficient health care services.

Nationally adopted classification systems enable clinical information to be converted into clinically meaningful, manageable data categories, and utilised by Australian governments to support activity based funding (ABF) of Australian public hospitals. In 2012, IHACPA commenced development of the Australian Mental Health Care Classification (AMHCC) to provide a more clinically relevant classification; a better explanation of resource consumption (cost) at the consumer level; and integrated service delivery by spanning all service settings.

Methods

Prior to the implementation of the AMHCC, there was no single classification used for mental health services. The Australian Refined Diagnosis Related Groups (AR-DRGs) classification was used for admitted mental health to group the number and type of consumers treated in acute episodes to the resources required in treatment, while there was no classification for community mental health.

IHACPA consulted extensively with specialist clinicians, working groups and mental health representatives to develop the AMHCC, which introduces consumer characteristics and incorporates clinical measures into national activity data reporting using six variables: setting, mental health phase of care, age group, mental health legal status, Health of the Nation Outcome Scale and Life Skills Profile.

Results

IHACPA first modelled prices using the AMHCC for the 2020-21 financial year. In 2022-23, following a transitional period, the prices modelled under the AMHCC informed the funding of mental health care services in the admitted setting for the first time. Analysis indicated that admitted mental health activity is more costly than acute care activity grouped to the same AR-DRG end class. It also showed that the AMHCC model resulted in an improvement in cost prediction and higher modelled cost than the AR-DRG model for specialist mental health care services.

For the community setting, pricing using the AMHCC is proposed to inform funding in the upcoming 2024-25 financial year. Previously, funding for the community setting was provided on a block funding basis rather than ABF, resulting in a lack of transparency in the funding of these services. The AMHCC provides better recognition of complexity and cost intensity based on consumer characteristics compared to the current block funding arrangements for community mental health care.

Discussion

The introduction of the AMHCC has provided a national, clinically meaningful classification and prediction of cost, and resource for mental health care services. It has improved the accuracy and consistency of data reporting on services provided across different mental health care settings and enabled the pricing of mental health services for use in ABF.

The implementation of the AMHCC - a consumer centric classification - represents a step toward value-based care and funding models that aim to increase integration and coordination of care between admitted and community care settings and providers.