

Appendix ii

A comparative cost analysis of services provided by registered and clinical psychologists.

Since the inception of the Better Access scheme in 2006 until February 2011, registered psychologists have provided 6,368,640 services to the Australian public. In the same time frame 'clinical' psychologists have provided 3,602,691 services. For the purpose of this analysis, only the data which relates to the *main* service type provided will be used. For registered psychologists, this is Medicare item 80110 (95% of all services provided by registered psychologists). For 'clinical' psychologists, this is Medicare item 80010 (97% of all services provided by 'clinical' psychologists).

As the rebate payable for these Medicare items has risen slightly over the five years since the inception of the Better Access program, the analysis will be conducted using the current amounts payable for items 80110 (\$81.60) and 80010 (\$119.80). This will lead to slightly inaccurate amounts, however there is no other way of conducting the analysis, and where the amounts will be only slightly inaccurate, the proportions and numbers of services will not be.

The recent Evaluation of the Better Access program demonstrated that registered psychologists are providing services to people who are at least equally afflicted with psychological problems as are 'clinical' psychologists; and registered psychologists are obtaining as positive results in terms of both measured mental health outcomes and client satisfaction as are 'clinical' psychologists. (In fact, the data suggests that registered psychologists are outperforming 'clinical' psychologists on most measures, however no statements are made in the Evaluation as to the statistical significance of these results). Also, it is clear from the Evaluation that registered psychologists are providing the same type of services as 'clinical' psychologists in terms of the psychological interventions used.

The only substantial differences that were found between the two types of psychologists were:-

- i) clinical psychologists are more likely to be servicing people in higher income groups and urban areas than are registered psychologists (a higher proportion of whom are providing services to rural/remote clients and lower economic groups), and
- ii) 'clinical' psychologists are more likely to be charging a gap fee to clients than are registered psychologists.

Table 1. Measures of clinical effectiveness- registered psychologists compared to 'clinical' psychologists, as reported in the Better Access program Evaluation, March 2011.

Measure of effectiveness	Reg. Psychologists	'Clin' psychologists	Differences
Client improvements in K-10 scores	10.58	9.53	1.05
Improvements in DASS-dep. Scores	11.46	11.37	0.09
Improvements in DASS-Anxiety scores	8.74	7.17	1.57
Improvements in DASS- Stress scores	11.69	9.93	1.76

Client evaluation-satisfied, constructive advice/care	44%	39%	5%
Client perception of mental health improvement	49%	44%	5%
Client improvements- health, lifestyle and sleep perception of	7%	3%	4%

The other main difference between the two groups is the rate of rebate which each attracts. Despite performing at least as well, and with clients who are at least as badly afflicted, services of registered psychologists attract a Medicare rebate which is \$38.20 less than their 'clinical' psychology colleagues (note: \$38.20 is nearly 50% of the total rebate which registered psychologists obtain for Medicare item 80110=\$81.60; where 'clinical' psychologists attract \$119.80 as a rebate for Medicare item 80010).

The costs to the Federal Government of paying for the total amount of item 80110 services provided by registered psychologists since the inception of the Better Access scheme (in terms of today's rebate amounts) is \$491,600,342.60. The costs to the Federal Government of paying for the total amount of item 80010 services provided by 'clinical' psychologists since the inception of the Better Access scheme (in terms of today's rebate amounts) is \$419,782,314.80. As can be seen in Table 2, due to the higher rebate for services provided by 'clinical' psychologists, the cost of their services is nearly as high as the services provided by registered psychologists, despite the fact that the registered psychologists provided 2,520,488 more 80110 services than 'clinical' psychologists provided 80010 services.

Table 2. Comparative data from Medicare comparing registered and 'clinical' psychologists.

July 2006- Feb 2011	Registered psychologists	'clinical' psychologists	Difference
'basic' services provided	6,024,514	3,504,026	2,520,488
Cost of basic services	\$491,600,342.60	\$419,782,314.80	\$71,818,027.80
Amount paid to psychologist	\$81.60	\$119.80	\$38.20
Clients pay gap-fee	65%	69%	4%

As there is currently a \$38.20 difference in the cost to the Federal Government between paying for services by registered and 'clinical' psychologists, this figure can be multiplied by the amount of 80010 services provided by 'clinical' psychologists to establish an estimate of how much additional expense has been paid by the Federal Government for services by 'clinical' psychologists (than if they were paid the same rate as registered psychologists).

The figure arrived at is approximately \$133,853,793.20 in additional funds which the Federal Government has spent as a result of having 'clinical' psychologists on a higher rebate rate than registered psychologists over the Better Access program time-frame, but for which it has received no additional services.

At current costs, if 'clinical' psychologists were paid \$81.60 rather than \$119.80 per basic service, then the Federal Government could have saved around \$133,853,793.20 over the five year period.

Given the demonstrated lack of difference in quality between services provided by registered and clinical psychologists, it is hard to imagine on what grounds they should not be paid the same amount. The Australian Psychological Society (APS), popularly perceived as being run by 'clinical' psychologists for 'clinical' psychologists, suggest that the higher rebate is justifiable in terms of 'additional' training which 'clinical' psychologists are assumed to have done (see Better Access Evaluation, Component D, p39). This rationale ignores the fact that most registered psychologists have also undertaken extensive additional training in the form of professional skills development workshops, and many also have as masters degrees and PhDs in other sub-disciplines of psychology. Needless to say, it is only 'clinical' psychologists that attempt to justify their higher Medicare rebate, with other psychologists being universally opposed to it.

As can be seen from the data obtain from both Medicare and the Better Access Evaluation, registered psychologists appear to be providing 'more bang for the buck' when it comes to providing effective and competent psychological services to the Australian public (more accurately, registered psychologists are providing just as much psychological 'bang' to service consumers *for far less bucks*). In addition, they are more likely to be providing these competent services to rural/remote and lower socio-economic Australians than are 'clinical' psychologists, who remain working primarily with the upper socio-economic bracket that could already afford psychological services prior to the Better Access program. The unnecessary additional spending on services provided by 'clinical' psychologists could be remedied by the government paying the same rate to psychologists for the same services provided, which have the same demonstrated levels of effectiveness. If this was at the current rate for registered psychologists (\$81.60), the savings could amount to around \$133,853,793.20 over five years.

Registered psychologists, being the majority of all of Australia's mental health professionals, are clearly the back-bone of Australia's mental health services. Their work has been demonstrated to be at least as, if not more effective than their numerically fewer 'clinical' psychologist colleagues. Despite the Better Access program achieving many of its goals, there does, however, appear to be significant wastage in the program in terms of around \$133,853,793.20 additional expenditure on the services provided by 3900 'clinical' psychologists which resulted from the two-tiered Medicare rebate system. This higher expenditure did not result in any improvements for clients of 'clinical' psychologists above the benefits already experienced by clients of registered psychologists. The additional \$133,853,793.20 spent on 'clinical' psychology services produced no additional benefit for the general psychological well-being of the community. Exactly the same results would have been achieved *without* this additional \$134 million of tax payers money being spent on 'clinical' psychologists. This wastage could easily be rectified by bringing all psychologists onto the one Medicare rebate rate. There is no rational justification for two rebate rates as all the evidence suggests there is no difference between registered and 'clinical' psychologists in reality.

