



medibank

***Inquiry into mental health and
workforce participation***

Submission by Medibank

Date: 22 September 2011
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Introduction

Medibank welcomes the opportunity to make a submission to the House of Representatives' Standing Committee on Education and Employment inquiry into mental health and workforce participation. In our submission to the Committee, our focus is on how mental health services delivered in the workplace act as a mechanism to lower barriers to employment and assist people suffering from mental ill-health to remain productive and participating. This viewpoint is informed from our experience as a leading provider of workplace based mental health services under our Medibank Health Solutions banner.

The growing recognition of the importance of the workplace as a key factor and determinant of individual health and wellbeing, in particular mental health, is welcome. Since 2005, Medibank has been at the leading edge of Australian workplace health research, launching landmark studies into issues including presenteeism, stress and physical inactivity amongst employed people.

Furthermore, as a provider of workplace health mental health services, we are well aware of the benefits of the workplace as a location for service delivery and of the support required by employees living with mental ill health and their employers.

This submission focuses on areas related to our business expertise, particularly the means by which the employment participation rate of people with mental ill-health can be improved and how people with mental ill health can be supported in the workplace to the benefit of the individual, the employer and the economy as a whole.

About Medibank

Medibank is Australia's largest integrated private health insurance and health services group.

We have been providing health insurance to Australians since our inception in 1975 and currently cover 3.4 million members, around 32% of the national private health insurance market. In addition to our resident members, we also cover over 200,000 overseas visitors and students and provide access to life, pet and travel insurance.

In the last two years, Medibank has undergone a dramatic and exciting transformation, growing the role we play in our customers' health and evolving into a provider of broad range of health services, including mental health services.

In 2009, we acquired Wollongong-based private health insurer Australian Health Management (ahm), including ahm's Total Health wellbeing and health coaching business. The same year we merged with another Government Business Enterprise, Health Services Australia (HSA), an acknowledged leader in the provision of face-to-face workplace and corporate health services to government and commercial clients. The amalgamation of Total Health and HSA, together with Medibank Private's legacy health and wellbeing programs, led to the creation of Medibank Health Solutions, one of Australia's leading providers of workplace health and health management services.

In 2010, we also acquired the telephone and online health service provider McKesson Asia-Pacific, further expanding our health and wellbeing capability. As a result, today we offer one of Australia's largest range of telehealth programs, ranging from online health and wellbeing services to help individuals achieve their health goals through to intensive telephone based support services for people living with chronic disease and mental illness.

The transformation which we have undergone is most visibly expressed through our staff. In just two years, our workforce has significantly expanded, growing to over 4,400 people. Most telling is the expansion in our clinical staff – Medibank now employs around 1500 clinical staff responsible for delivering health services across Australia and New Zealand.

Medibank and workplace health

Medibank offers a comprehensive, industry-leading range of psychological-based programs and services aimed at supporting employers and employees from recruitment through to retirement, tailored to individual business needs. We advocate an holistic approach to the workplace, emphasising factors including leadership development, team climate, interpersonal and personal skills and encouraging a strong sense of peer support within the workplace.

Specific workplace mental health services provided by Medibank Health Solutions include psychological assessment; psychological training for managers and individuals; cognitive behaviour therapy for conditions including anxiety and depression; and training in resilience building techniques. All our services are evidence based utilising the current clinical research and delivered by a team of clinical psychologists, organisational and registered psychologists, mental health nurses and other health professionals.

Employers who invest in the mental health of their employees by providing a supportive workplace reap numerous benefits. These include reduced absenteeism and presenteeism together with improved efficiency and performance.

Workplace health research

Medibank is a leader in Australian workplace health research and is responsible for numerous recent studies examining workplace health issues, in particular the economic implications ill-health.

We are presently conducting a new study into employee perspectives on workplace health, including the impact the workplace has on mental health and the role employees believe employers, government and they themselves should play. Once this is complete, we would welcome the opportunity to share the results with the Committee.

A summary of research papers related to workplace health and their key points can be found in appendix 1.

The importance of workplace health

Health, productivity and economic prosperity are closely linked. Ready access to healthcare for working age people helps maximise workforce participation and productivity as well as underpinning prosperity for both individuals and the broader economy.

For most individuals, prosperity is based on the value of their skills and labour, making personal good health of critical importance. Generally speaking, bouts of ill-health are sufficiently infrequent in most people to have little impact on their personal productivity and prosperity. For some, however, ill-health contributes to a lower level of prosperity. At the level of the individual therefore, the link between health and prosperity is clear and one which should be communicated effectively.

At an economy wide level, should a sufficient number of workers experience moderate to serious ill-health, the overall rate of workforce participation and productivity declines, undermining both current and future national prosperity. In the modern Australian context workforce participation

and productivity are critical issues particularly in relation to our ageing population. Government thus has a key role to play in developing an environment that fosters good health amongst working age Australians.

As demonstrated in Medibank's workplace health research including our most recent study *Economic Modelling of the Cost of Presenteeism in Australia: 2011 Update*, mental ill-health accounts for 21% of presenteeism¹, making it the greatest single driver of the phenomenon. With the total cost of presenteeism estimated at \$34.1 billion in 2009-10, there is a clear incentive for business and government to work together to address mental health in the workplace.

Benefits of workplace as a locus of mental health delivery

Of the 3 million people in Australia who experience depression and/or an anxiety disorder each year, 1.54 million are in the workforce². For some of these people, it is the workplace itself that contributes to their mental ill-health; for others, it is the workplace that supports their recovery by providing purpose and a meaningful point of social engagement. These factors make the workplace a strong candidate for the delivery of preventive programs and interventions aimed at addressing mental illness.

International evidence demonstrates the workplace is a productive, cost effective location for the provision of some mental health services³. Mental health programs delivered in the workplace can help in the early identification of mental health issues, enabling timely intervention to prevent a condition deteriorating and acting as a mechanism to address any work related factors contributing to employee mental ill health.

As people with mental illness often require a more intensive level of support to find and keep a job, employers who provide access to mental health services in the workforce help their employees work to their full potential. This increases efficiency and productivity, reduces absenteeism and presenteeism and, ultimately, improves organisation wide performance⁴. These beneficial effects can be extrapolated to the broader economy.

The workplace and health reform

The serious implications of Australia's ageing population for Australian and State Government spending, in particular health spending, have been well documented⁵. There is broad recognition that, without significant change to the healthcare system and funding, healthcare costs will grow at an unsustainable rate, making structural and other changes to healthcare both essential and inevitable.

These changes should, amongst other things, address the way in which health services are delivered and organised, including a greater focus on preventive health. For the majority of

¹ Presenteeism is defined as the lost productivity that occurs when employees come to work but, as a consequence of illness or other medical conditions, are not fully productive.

² Baker, T.B. (2009). *The 8 Values of Highly Productive Companies: Creating Wealth from a New Employment Relationship*. Australian Academic Press

³ Most notably Black, C. (2008). *Working for a healthier tomorrow;: Review of the health of Britain's working age population*. TSO. but for a more specific discussion of mental health see *Mental Health at Work: Developing the business case* (2007), Policy Paper 8, London: The Sainsbury Centre for Mental Health.

⁴ Whiteford HA, Sheridan J, Cleary CM, Hilton MF. *The work outcomes research cost-benefit (WORC) project: the return on investment for facilitating help seeking behaviour*. Australian and New Zealand Journal of Psychiatry 39[Supplement 2], A37. 1-12-2005.

⁵ Most notable in the Treasury's *Intergenerational Report* series of papers.

Australians, the workplace could prove a sensible and logical location for the delivery of preventive and early intervention health services, especially in addressing chronic mental health conditions. For governments, it also raises the prospect of cost sharing with industry, helping long term budget sustainability.

Mental health and workforce participation

The need to increase employment participation has clearly been identified as an issue which needs to be addressed if the future labour needs of Australian industry are to be met. The \$3 billion *Building Australia's Future Workforce* program, announced in the 2011 Federal Budget, was a recognition of this, particularly the new funding for training and the focus on returning long-term unemployed people to the workforce.

In delivering these goals, workplace mental health issues should be considered and addressed, as returning long term unemployed people to the workforce needs to have regard for the psychological factors involved. A successful return to work strategy should also develop the capability of employers and co-workers in reintegrating long-term unemployed people generally and those with specific mental illness in particular.

Early intervention is key

The National Mental Health Report 2010 noted that of the 732,000 individuals receiving Disability Support Pensions (DSP) in June 2008, approximately 202,000 or 28% had a psychiatric or psychological condition recorded as their primary condition. Moreover, this group has been growing by an annual average of 5% since 2001, more than twice the overall DSP growth rate. The workplace can play a role in addressing this issue.

In its current form, to qualify for DSP benefits due to mental ill-health an applicant must exhibit serious symptomatology for at least two years. This criteria is in aligned with those for DSP applicants who are eligible for the DSP due to a physical illness, injury or disability.

Unfortunately, by the time an individual applying for the DSP due to mental ill-health meets the two year threshold required to qualify, they are likely to present with a complex and interacting mix of co-morbid symptoms. This severely limits their capacity for rehabilitation and raises the prospect of remaining on DSP benefits for life.

Therefore, while efforts to address mental illness in DSP recipients with the aim of ultimately returning them to the workforce remains a worthwhile objective, it needs to be understood that, once a mentally ill person commences on the DSP, achieving this objective will require substantial effort and is likely to incur considerable expense.

A better use of resources would be to take a preventive approach. Medibank's experience as a former provider of Job Capacity Assessments for the Department of Education, Employment and Workplace Relations suggests a high potential for a new type of Australian Government funded workplace mental health program to deliver on this aim.

Such a program would identify and treat mental illness in people of working age earlier and involve individual case management and ongoing consultation with employers and government. Where necessary, it would include placing individuals into a supportive workplace environment conducive to their recovery⁶.

⁶ Depending on individual circumstances work has been demonstrated to play a key role in recovery from mental illness. See *Realising the health benefits of work*, The Australasian Faculty of Occupational & Environmental Medicine, April 2010

To be successful, such a program would require significant resources but the return on investment is potentially high. Direct benefits include slowing the rate of DSP growth and the financial burden associated with this, while contributing to greater workplace participation.

Improving the capacity of employers to respond to employee mental ill-health

In most workplaces, employees' access to mental health programs are restricted to employee assistance programs (EAP). Originally put in place to help employees deal with substance abuse issues, EAP have evolved to deal with all manner of issues that affect performance at work.

Essentially, EAP are used by employers to assist them to manage difficult employee situations. In practise however, the counselling approach integral to an EAP may not be the appropriate approach to use in some specific situations and presenting issues, including mental health symptomatology.

While useful to some, EAP are geared around providing therapy for a brief period and are not designed to support employees with serious mental health issues. Nonetheless, anecdotal evidence suggests a large proportion of people presenting to EAP suffer from anxiety or depression but are forced to use EAP due to there being no other workplace based alternative.

EAP can be efficacious in that they provide workplace funded access to counselling for day to day stressors that impact on a person's ability to engage in the workplace. To achieve this, EAP practitioners deliver solution based therapy aimed at addressing these stressors. Common issues addressed by EAP include grief and trauma counselling, workplace bullying, and conflict management.

The limitations of EAP are that they are not designed to address clinical mental health issues including the most prevalent conditions such as depression, anxiety and drug and alcohol dependence. Standard clinical treatments such as Cognitive Behaviour Therapy (CBT) or Acceptance and Commitment Therapy (ACT) are generally out of the scope of EAP.

Dealing as it does with stressors after the fact, EAP is also generally considered as reactive in nature. Most EAP programs are not intended to gather or assess the sort of information that employers could use to address systemic or structural contributors to workplace ill-health.

Improving access to mental health in the workplace

Improved access to mental health in the workplace requires a more strategic approach than is found in many EAP.

The first step need to be gaining an understanding of the broad range of presenting issues and symptoms amongst employees and the role the workplace plays in this. Appropriate psychological treatment can then be matched to those issues, ensuring the most appropriate treatment modality is utilised. Access to care should be prompt in order to guarantee optimal clinical outcomes and reduce costs associated with workplace mental health issues, including presenteeism, absenteeism and disability. Finally, outcomes should be evaluated to allow analysis and management reporting.

Government should encourage employers to move to a new level of service for mental health that will support the goal of increased workplace productivity and employment participation. This could involve setting best practice guidelines for programs and providers and incentivising

employers to use them, for example by making the costs of approved programs or service providers tax deductible.

Co-funding of workplace mental health services

An alternative approach to incentivising employer investment in workplace health is for the Australian Government to contribute directly to the funding of mental health services delivered in the workplace in conjunction with employers. Properly implemented such a program could help drive increased productivity and employment participation. The key principles supporting this approach are cost effectiveness, timing and value adding.

Cost effectiveness

To be sustainable, mental health services must be cost-effective. In the 2011 Federal Budget, the Government rationalised mental health funding, redirecting funding from the Better Access program to alternative programs on the premise of improving access to services whilst containing cost growth. If Government wishes to continue to seek savings and efficiency in the delivery of mental health services, the same principle could be followed in regard to workplace mental health services.

Directly partnering with employers to co-fund the delivery of mental health services via the workplace would be cost effective. Co-funding arrangements could allow both government and employers to realise the benefits of improved workplace mental health at lower cost, while allowing government to influence the sort of programs that are delivered, ensuring clinical standards are maintained.

Timing

With the baby boomer generation already phasing into retirement, the impacts of the ageing population – notably a need to drive workforce participation and productivity growth – are already being experienced and must be addressed. While employers are increasingly seeing the value of providing mental health services, at present achieving the growth rates needed to achieve the critical mass required to make a worthwhile difference to national productivity and participation remains some way off. A time effective way of increasing the provision of mental health services in the workplace is thus required.

With numerous providers of workplace mental health services already active in the market (notably EAP providers), the infrastructure needed to deliver the required services already exists. Direct co-funding of mental health services in the workforce therefore would have one of the shortest “to market” timescales of any workforce mental health solution, making it a logical policy to pursue.

Value adding

If Government were to share funding of workplace mental health services an added benefit for it would be access to information regarding service delivery and outcomes, similar to that made available to employers. Even where this data to be de-identified of individual and employer details, such demographic data, collected over a longitudinal period, would provide significant value and direction for both employers and Government and inform future decision making.

Conclusion

The workplace is a key factor and determinant of individual health and wellbeing and, by extension, national prosperity. To guarantee Australia’s future prosperity, it is vital that workplace health becomes a part of the national health dialogue and is included in the reformation of Australia’s health care system.

Increasing employment participation, including by returning people who are long term unemployed to the workforce, is a national policy priority. Workplace based mental health services can and should play a key role in any return to work strategy to help people adjust and cope with employment. They can also play a preventive role in keeping employees in the workforce by treating people before their mental ill-health deteriorates and forces them from the workforce onto welfare.

Improving support for employed people with mental ill-health is most easily achieved by using the existing infrastructure and by improving and expanding the Employee Assistance Programs found in many workplaces. Most EAP programs are currently ill suited to clinical issues but are forced to deal with their impact regardless. Government should look to establish the necessary structures to encourage employers to move to EAP that not only deal with day to day stressors but can also assist people living with mental ill-health.

Co-funding effective workplace mental health services with employers should be considered as a means of dealing with mental ill-health amongst employed people. Adopting this approach would cut costs for employers and for government as well as delivering improved productivity and participation at a sustainable cost.

Medibank thanks the Standing Committee on Education and Employment for the opportunity to contribute to its Inquiry into mental health and workforce participation and would welcome the opportunity to meet with the Committee to discuss our views in more detail.

Appendix 1: Summary of workplace health research 2005 - 2011

Economic Modelling of the Cost of Presenteeism in Australia: 2011 Update (2011)

- In 2009-10, the total cost of presenteeism to the economy was estimated to be 2.7 per cent of GDP or the equivalent of \$34.1 billion in 2008-09 prices.
- On average, it is estimated that currently 6.5 working days of productivity per employee are lost annually.
- Depression is the largest single contributor to presenteeism, accounting for 21% of overall productivity loss.

The cost of physical inactivity in Australia (2008)

- There is a strong link between physical activity and mental health. Regular physical activity has a beneficial effect on symptoms of depression and anxiety.
- Physical inactivity can impact on employee productivity by causing increased absenteeism and presenteeism.
- Productivity increases linked to increased levels of physical activity in individuals would produce benefits for the economy and for employers

Economic impact of workplace stress in Australia (2008)

- Workplace stress is costing the Australian economy \$14.81 billion a year.
- Stress related presenteeism and absenteeism are directly costing Australian employers \$10.11 billion a year.
- 3.2 days per worker are lost each year through workplace stress.

Economic modelling of the cost of presenteeism in Australia (2007)

- The cost of presenteeism is nearly 4 times the cost of absenteeism
- Investment in the health of staff can improve productivity and potentially improve staff retention, which flows through to an improved bottom line.

The health of Australia's workforce (2005)

- 53% of the Australian workers surveyed feel over-whelmed with stress and pressure a significant proportion of the time.
- Healthy employees are nearly three times more productive than unhealthy employees