

Senate Select Committee on Mental Health

Examples where health funds are providing insufficient rates for federally approved outreach services.

Healthscope Ltd is the largest private provider of outreach services for mental health clients in Australia. In Victoria we have three federally approved services, The Melbourne Clinic, Northpark Private Hospital and The Victoria Clinic.

Each of these services operates with identical staffing structures, policies and mechanisms of clinical review. However each of these services receives a different payment for services provided. The following table outlines the differences in reimbursement from Medibank Private for the provision of outreach services in Victoria.

Location	Outreach Service Rate
Northpark Private Hospital	\$116
The Victoria Clinic	\$159
The Melbourne Clinic	\$202

The rate received by Northpark Private Hospital is below the default rate of \$150. As a result of the low rate of reimbursement, Northpark Private Hospital has had to significantly scale back its outreach service. This is likely to result in an increase in readmissions of chronically ill patients who could otherwise be cared for in the community.

Examples of where health funds are dissuading people from joining health funds.

It is difficult to provide anecdotal evidence where health funds are dissuading patients from joining health funds when they have certain ailments, however we can provide examples of exclusions or financial penalties, which dissuade patients from seeking treatment because of the excessive out-of-pocket expenses that may be incurred.

Example 1

Co-payments were introduced in 2002 for patients on intermediate cover attending day programs/hospitals. This was particularly problematic for patients with chronic illnesses e.g. dialysis, oncology and psychiatric patients. For intermediate members, co-payments are now applicable to day programs, and are uncapped. For a chronic patient, this could mean \$50/attendance x 1/week x 50 weeks potentially \$2500 of extra out of pockets/year. This is particularly unfair for members who were on this level of cover prior to day program co-payments being introduced.

Example 2

For patients with excesses that are applicable to each episode of care (following a break in treatment of 7 or more days), Health Funds are able to reapply excesses where the break is more than 7 days due to a public holiday, through no fault of the patient. Eg. A structured program, which runs every Monday.

Example 3

Patients with a drug or alcohol dependency who have a “psych” exclusion, will only receive basic benefits when admitted to psych facility, even though a number of Healthscope psychiatric sites have licensed medical beds, and the patient may have full Medical cover. In some cases the patient may be out-of-pocket by \$700 per admission.