

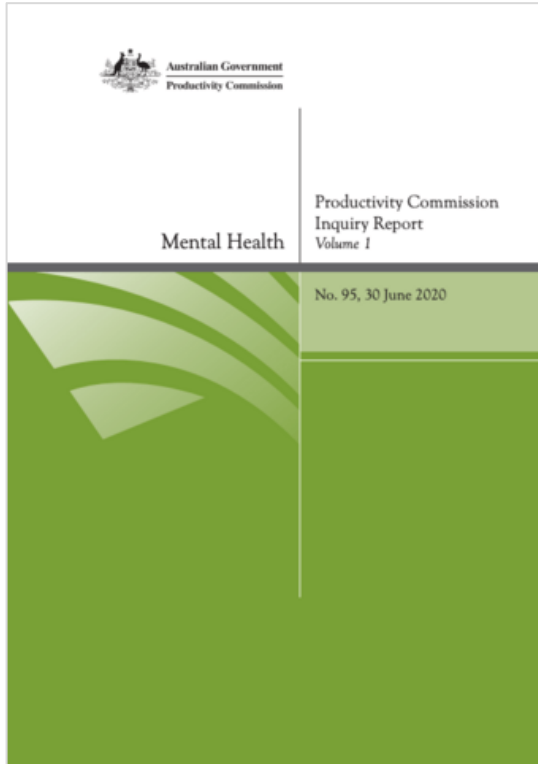


**Australian Government**  
**Productivity Commission**

# **Using economics to reform Australia's mental health system**

Stephen P. King, Commissioner

# ► Background



[pc.gov.au/mental-health-report](https://pc.gov.au/mental-health-report)



## ► What will be covered?



**Why do  
we care?  
And why  
economics?**



**Costs and  
Benefits  
(in the  
broad)**



**Overview of  
recommended  
reforms**



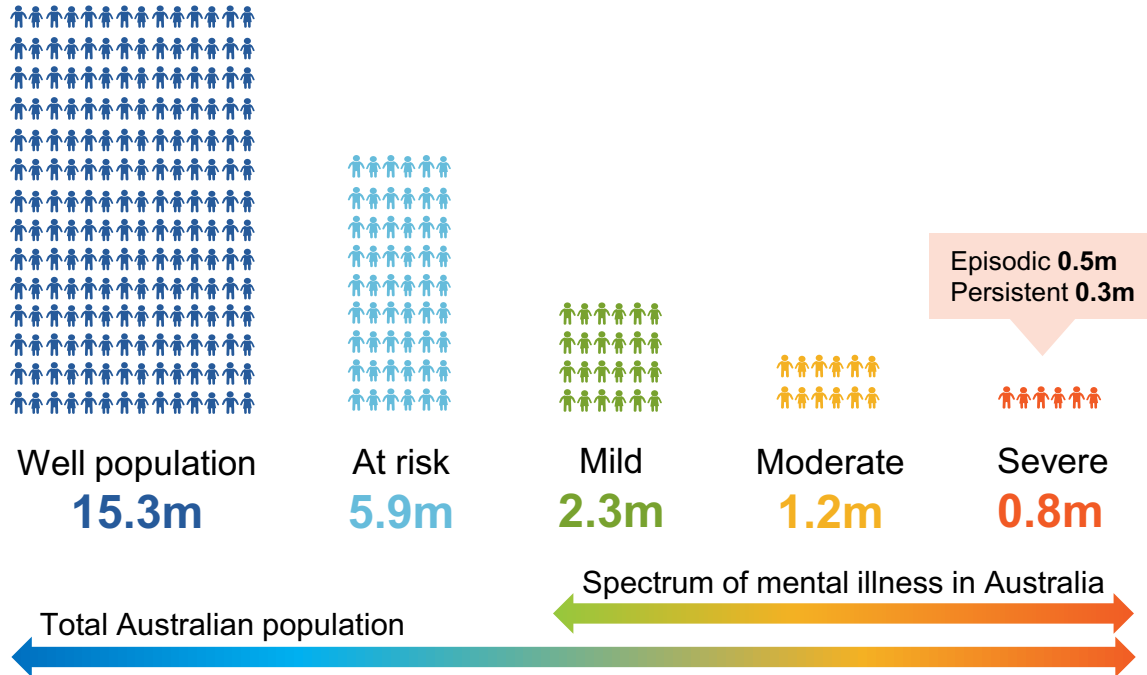
**Reform areas:  
examples**





Why do we care?

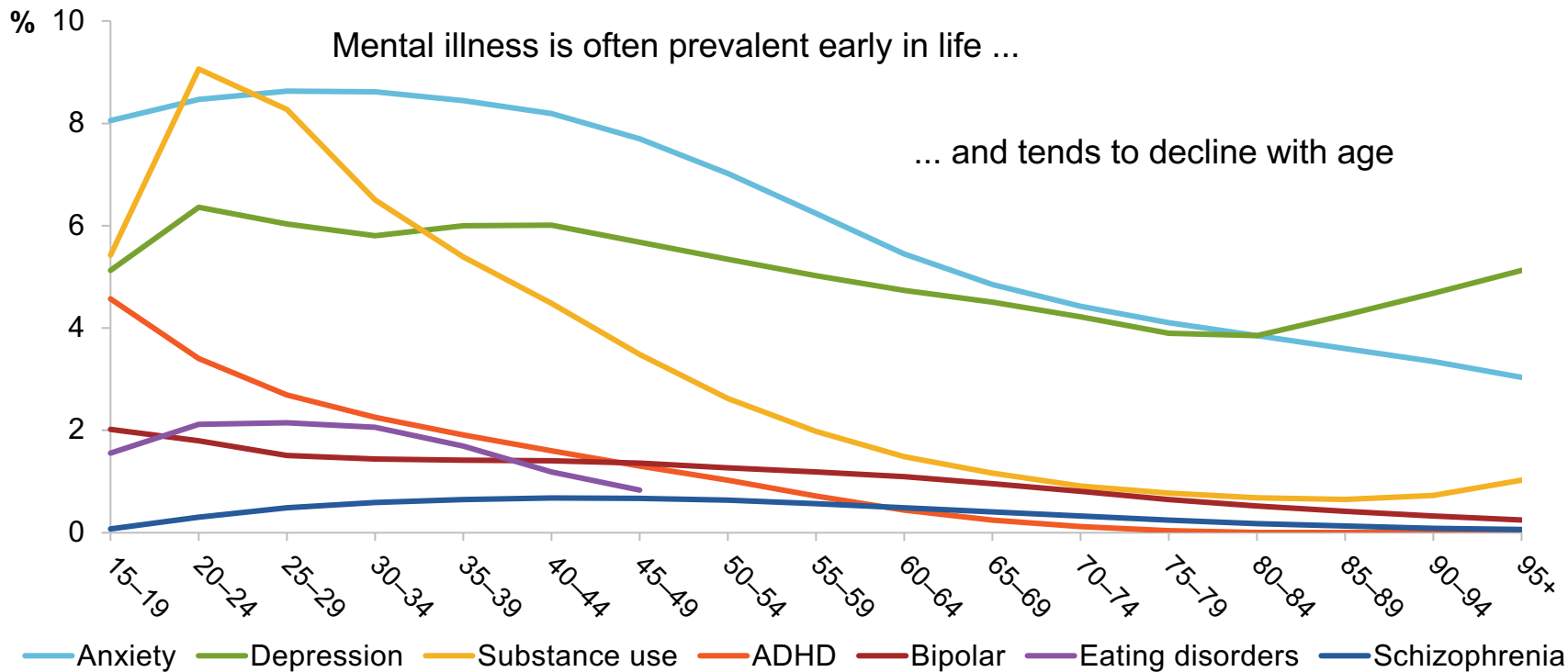
# ► What is the prevalence of mental illness?



*Almost half of all Australian adults have met the diagnostic criteria for a mental illness at some point in their lives.*

*Almost 1 in 5 Australians have met the criteria in a given year.*

# ► What is the prevalence of mental illness?



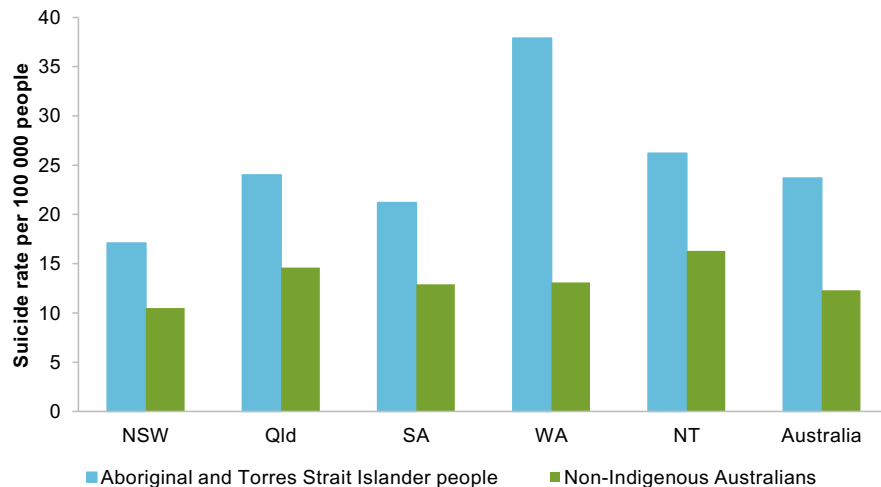
Source: Institute for Health Metrics and Evaluation (2019).

# ► What is the prevalence of mental illness?

Psychological distress can be three times as common for Aboriginal and Torres Strait Islander people...



... and the suicide rate up to three times as high



Source: Report on Government Services (Part E Health, 2020).

## ► Why economics?





## ► Why economics?

***Focus: on the individual***



## ► Why economics?

***Focus:* on the individual**

**So objective is a person-centred mental health system**



## ► Why economics?

***Focus:* on the individual**

***Scope:* not simply limited to medical care**



## ► Why economics?

***Focus:*** on the individual

***Scope:*** not simply limited to medical care – so look at the links between different parts of the system



## ► Why economics?

***Focus:*** on the individual

***Scope:*** not simply limited to medical care

***Approach:*** the evaluation of alternatives



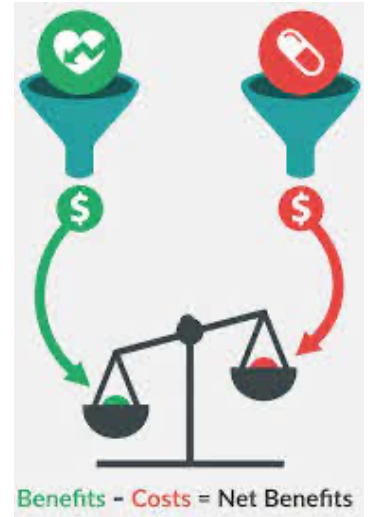
# ► Why economics?

***Focus:*** on the individual

***Scope:*** not simply limited to medical care

***Approach:*** the evaluation of alternatives

**Leading to a prioritisation of  
recommendations**



## ► Why economics?

***Focus:*** on the individual

***Scope:*** not simply limited to medical care

***Approach:*** the evaluation of alternatives

***The end product:*** A roadmap for reform



# ► Why economics?

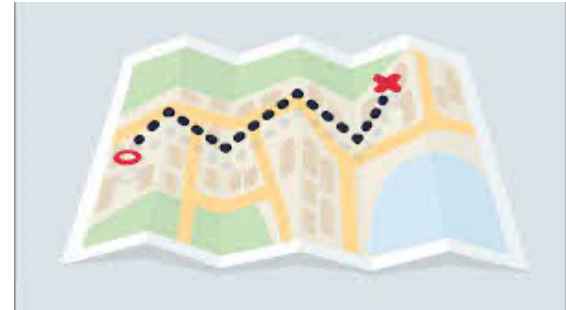
***Focus:*** on the individual

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***The end product:*** A roadmap for reform

**So governments get a guide to  
implementation**





## ► Why economics?

***Focus:*** on the individual

***Scope:*** not simply limited to medical care

***Approach:*** the evaluation of alternatives

***The end product:*** A roadmap for reform

***Looking at incentives:***



# ► Why economics?

***Focus:*** on the individual

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***The end product:*** A roadmap for reform

***Looking at incentives:***

**What drives activity from individual  
level to government level?**



A collection of piggy banks, mostly white, with one prominent pink one in the upper right. The piggy banks are arranged in a cluster, with some in the foreground and others in the background. The pink piggy bank is the only one of its color, making it stand out. The background is a plain, light gray surface.

**Costs and benefits**

# ► What does mental ill-health and suicide cost us?

national cost in 2018-19

**\$43 to 70 billion** **Economic cost**

**Made up of:** **\$16 billion** **Healthcare and other services**  
(such as housing, NDIS, employment and justice)

**\$12 to 39 billion** **Lost productivity**  
(lower employment, absenteeism and presenteeism)

**\$15 billion** **Informal care**  
(provided by family and friends)

**\$151 billion** **Diminished health and reduced life expectancy**



## ► Estimated benefits and costs of reforms

annual, 2018-19 dollars

Benefits	All reforms	Priority reforms
Increased quality of life	<b>\$18 billion (84 000 QALYs)</b>	<b>\$16 billion (77 000 QALYs)</b>
Savings	<b>\$1.3 to 1.7 billion</b>	<b>\$0.9 to 1.2 billion</b>
Increased economic participation	<b>up to \$1.3 billion</b>	<b>up to \$1.1 billion</b>
Costs		
Additional expenditure	<b>\$3.5 to 4.2 billion</b>	<b>\$1.9 to 2.4 billion</b>



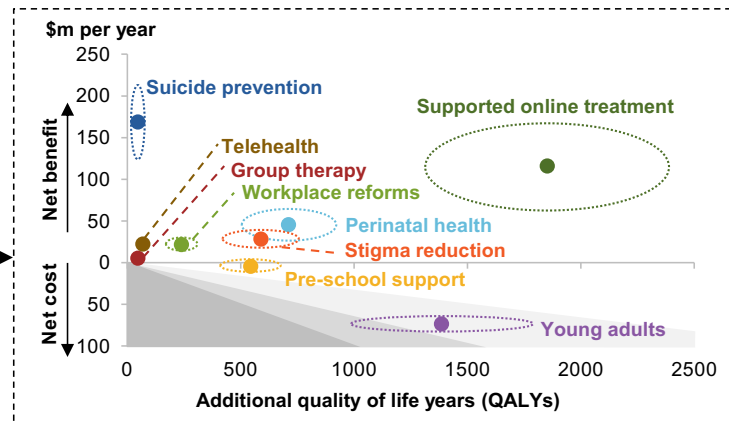
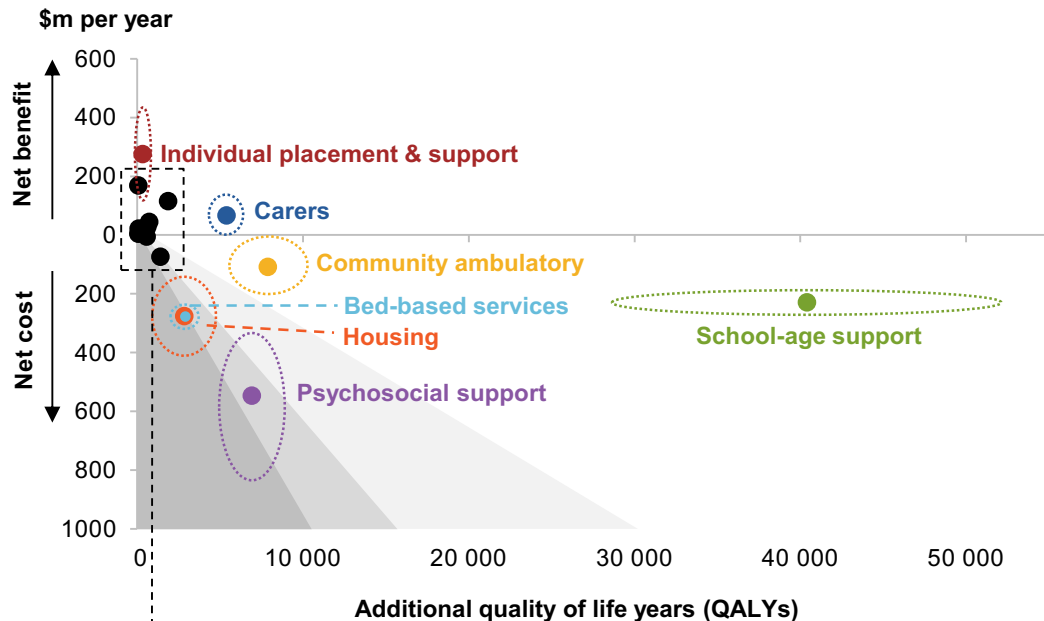
## ► How we prioritised reforms

- ✔ Potential to improve lives at either the individual or community level
- ✔ Benefits to the economy and expenditure required to achieve these
- ✔ Ease of implementation
- ✔ Sequencing

*Recommendations that are not 'priority' are still expected to significantly improve mental health, and plans should be made to implement them.*



# ► Benefits and costs of recommended reforms





A row of light bulbs is arranged on a green surface against a green background. The central bulb is illuminated, while the others are dark. An orange rectangular box is placed over the middle of the row, containing the text "Reform areas" in white. 

**Reform areas**



## ► Reform areas



1. Prevention and early help for people



2. Improve people's experiences with mental healthcare



3. Improve people's experiences with services beyond the health system



4. Equip workplaces to be mentally healthy



5. Instil incentives and accountability for improved outcomes





**Recommended solutions**

# ► 1. Prevention and early help for people



Support the mental health of new parents



Make the social and emotional development of school children a national priority



National stigma reduction strategy



Follow-up care for people after suicide attempts



Empower Indigenous communities to prevent suicide



# ► Follow-up care for people after suicide attempts



**The cost of suicide and non-fatal suicide attempts each year**

**3046 deaths**

**30 000 to 90 000 attempts**

**\$30 billion**

**Follow-up care**

**Prevent**

**33 suicide deaths**

**6150 suicide attempts**

**Deliver**

**\$2.37 to \$6.90 per dollar invested**

**\$3.2 million in employment income**



## ► 2. Improve people's experiences with mental healthcare

*Create a person-centred mental health system:*

- ✚ Evidence-based mental health assessment and referral processes that help people find the services that are best for them
- ✚ Identify, support and include families and carers as part of mental healthcare

*Improve mental healthcare outcomes:*

- ✚ Address adverse outcomes from prescribing practices of mental health medication
- ✚ Reduce the gap in life expectancy for people with severe mental illness and physical illness

*Care continuity and coordination*



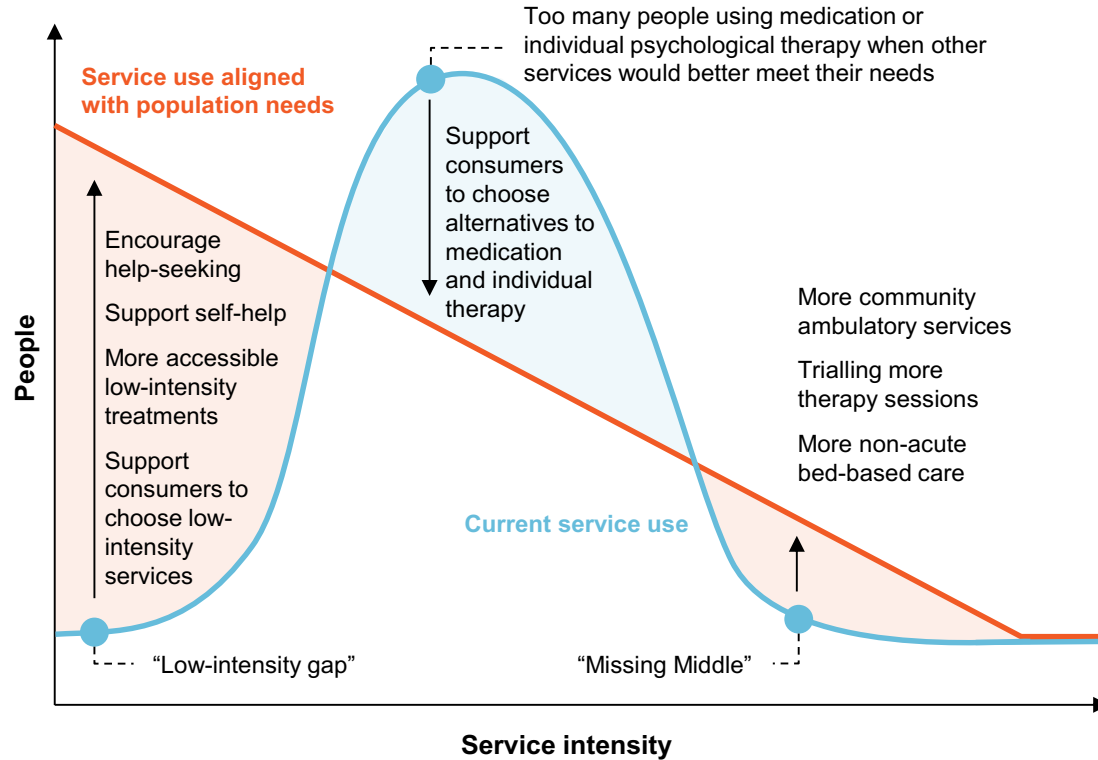
## ► 2. Improve people's experiences with mental healthcare

*Get people the right services at the right time:*

- ✚ Expand supported online treatment, group therapies and access to mental healthcare via telehealth
- ✚ Review limits on psychological treatment funded through Medicare and trial variations
- ✚ Alternatives to emergency departments that are designed for people with mental illness
- ✚ Expand community-based mental healthcare, including hospital outpatient clinics and outreach services



# ► Get people the right services at the right time



### ▶ 3. Improve people's experiences with services beyond the health system



Meet demand for community support services that help people with mental illness recover and live well in the community



Commit to no discharge from care into homelessness



Increase assistance for police responding to mental illness related incidents



Legal representation for people facing mental health tribunals

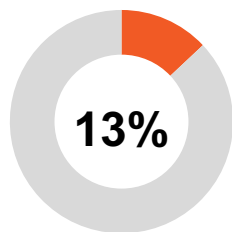




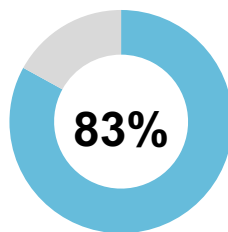
# ► Legal representation for people facing mental health tribunals



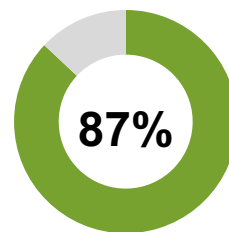
Proportion of hearings with legal representation at mental health tribunals



Victoria



New South Wales



Northern Territory

Data suggests there are differences in outcomes if people are legally represented:

- Longer hearings
- Shorter periods of compulsory treatment orders
- Higher rates of attendance by individuals
- Applications for electro-convulsive treatment more likely to be refused



## ► 4. Equip workplaces to be mentally healthy



Elevate importance of psychological health and safety in workplaces



No liability clinical treatment for mental health related workers compensation claims



Expand the individual placement and support program for people with mental illness

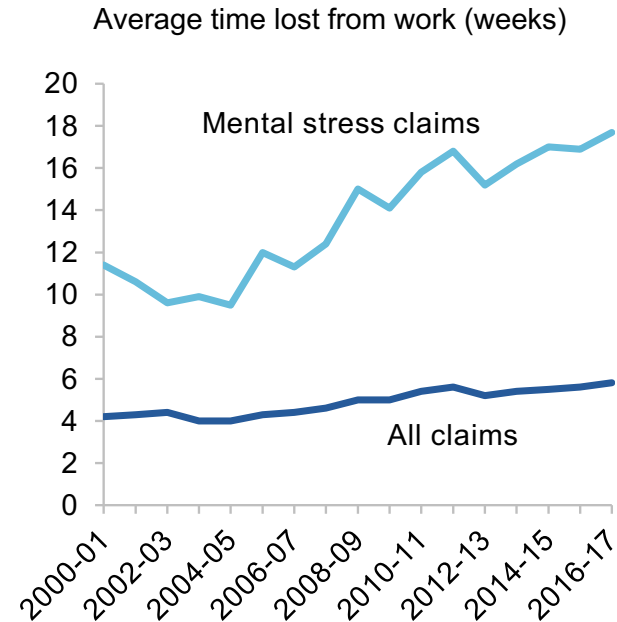
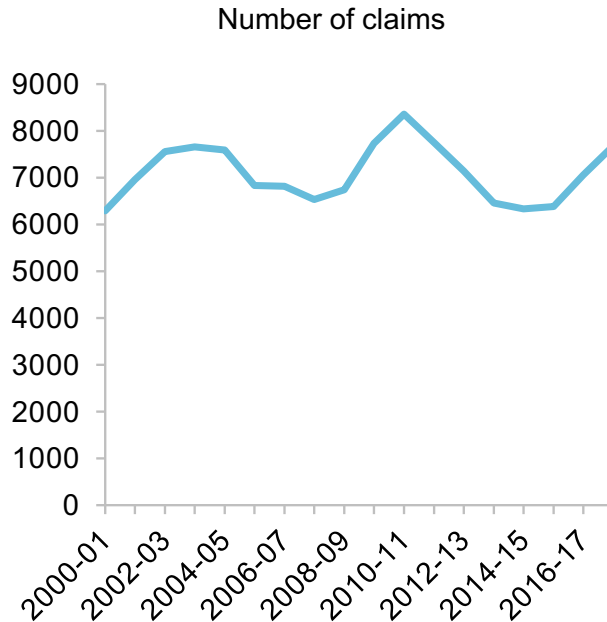




# No liability clinical treatment for mental health related workers compensation claims



Serious accepted workers compensation claims caused by mental stress



## ► 5. Instil incentives and accountability for improved outcomes



Develop implementation plans for national strategies that integrate healthcare and other services



Commit to regional planning, decision making and commissioning, with systemic cooperation and creation of new commissioning agencies if outcomes not improved



Expand the remit and independence of the National Mental Health Commission



Consumer and carer participation and advocacy in all aspects of the mental health system

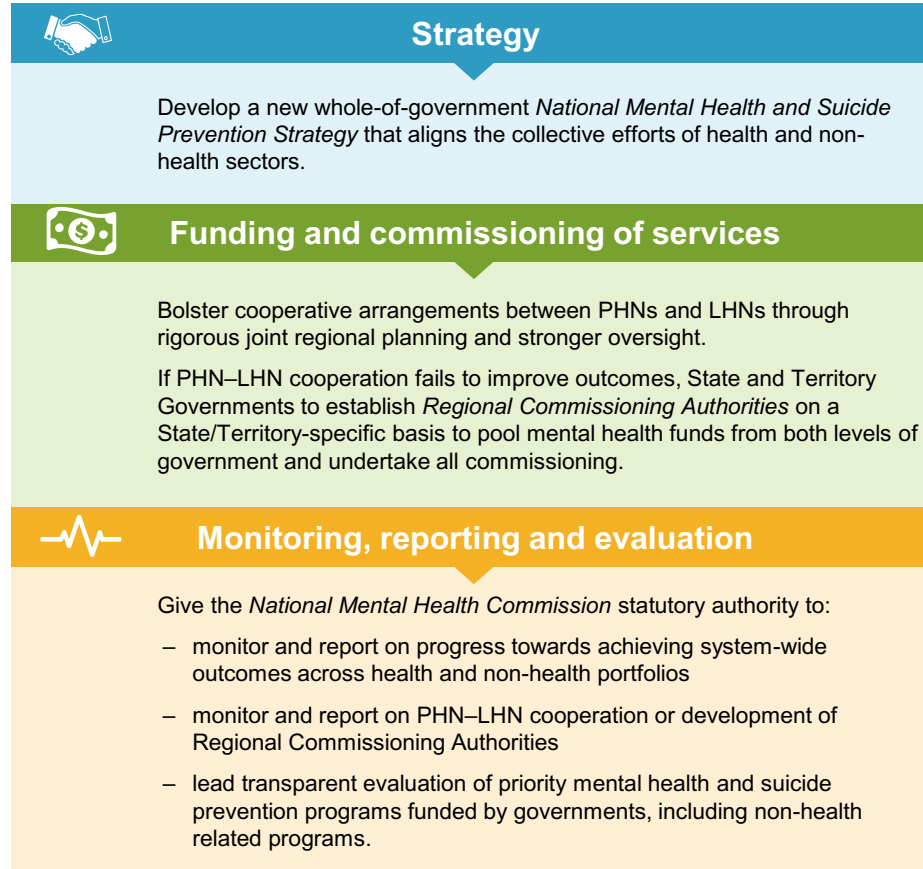


Strengthen evaluation culture, focusing on outcomes that matter to people and reporting at service provider level





## ► 5. Instil incentives and accountability for improved outcomes





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