



Private Mental Health Consumer Carer Network (Australia) Limited

engage, empower, enable choice in private mental health

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General Manager,
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Australian Competition and Consumer Commission,
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Sent via email: phireport@acc.gov.au

Dear Mr Salisbury,

Increasingly discriminatory practices by health insurance funds to psychiatry cover

The *Private Mental Health Consumer Carer Network (Australia)* (hereafter Network) represents Australians who have private health insurance and/or who receive their treatment and care from private sector settings for their mental illnesses or disorders and also represent their carers. We have 1,000 members and as our title implies, the Network is the representative voice for consumers and carers in private mental health settings.

The Network is committed to working with the Australian Government, Australian Competition and Consumer Commission and relevant others in addressing the needs of people with a mental illness and their family or carers. We bring to this letter, a mental health consumer and carer perspective.

In order to understand the extent of the private psychiatric hospital sector to which this letter relates, it is important to provide some basic statistics. There are:

- 68 private hospitals providing specialist psychiatric care
- 3,200 beds
- 36,000 people accessing these services every year
- 63% of overnight inpatient care is provided to people aged between 25 and 44 and
- 36% is provided to people aged 45 and 65.

Private hospitals treat patients with the full range of psychiatric conditions: depression and affective disorders, psychotic disorders, PTSD, anxiety disorders, alcohol and substance abuse, eating disorders and personality disorder. The sector's role in relation to the provision of specialist psychiatric services for the acute end of high prevalence depression and affective disorders is particularly important.

The Network is very concerned as to the increasingly discriminatory practices by health insurers to psychiatry cover which affects people now and in the longer term. In our opinion, it would seem that the larger companies in Medibank Private, BUPA and NIB particularly, are intent on removing psychiatry cover from their products. This is an appalling position given that around 3% of all health insurer expenditure relates to psychiatric cover and as the statistics above note this affects 36,000 Australians. We know this would not happen in illnesses such as cancer, cardiology, orthopaedics etc.

We are also concerned lest the categorisation of health insurer policies into Gold, Silver or Bronze result in psychiatric cover being flagged for inclusion in only the Gold or highest level of cover. If this becomes the adopted policy of the Australian Government, it will remove the mandatory cover as

currently exists under legislation for psychiatry and dramatically reduce patient access to vital services.

Current regulations ensure that health insurers are obliged to pay at least a minimum level of benefits for mental health services. Even though restricted cover for mental health can leave consumers with an out-of-pocket cost, the assurance that some level of cover will be provided and that consumers can switch cover with a waiting period of only 2 months means that consumers with private health insurance are able to access timely care. Many people who have limited funds, for example on Disability Support Pensions, go without in order to pay premiums on health insurer policies to ensure timely access to private hospitals.

Health insurers limit the level of benefits provided in numerous ways, some of which are of serious concern to consumers. Some health insurers are declining to recognise and fund evidence based programs such as day programs and hospital outreach programs that provide the interventions necessary to avoid more expensive overnight care.

Current re-insurance arrangements for private health insurance mean that there is a disincentive for health insurers to fund innovative community care modalities for example, a privately funded equivalent of the Mental Health Nurse Incentive Program (MHNIP). This gap in current government policy translates into services not being available for the privately insured patient. Programs such as MHNIP ensure continuity of care and provide an essential adjunct to reliance on inpatient and psychiatrist led services particularly for those patients already in therapeutic relationships.

When consumers are referred for admission to a private psychiatric hospital it is not uncommon for consumers to find that they are not fully covered because their fund does not contract with the hospital in question or because the insurer has declined to recognise a particular program. Health insurers often restrict the amount of cover provided in some policies by:

- limiting the number of days a person can access day programs in a year
- only covering a limited number of ECT treatments per year usually 10 treatments
- imposing benefit limitation period so that a consumer is forced to wait longer than the statutory two month waiting period.

Other issues for health insurance members requiring access to private psychiatric hospital services include:

- many consumers have difficulty in accessing accurate and complete information about their private health insurance policies and are not fully informed about the extent of exclusions in their insurance coverage for psychiatric care.
- for some people who have private health insurance it comes as a surprise to learn that their insurance does not cover psychiatric admission. This then necessitates referral to the public system (if available), or acceptance of a large gap payment.
- some health insurers do not make it clear what is not covered under their private health insurance policies in terms of psychiatric care.
- health insurers cover day admission programs however there is confusion by consumers as to what kind of day programs and the number of sessions are covered under their policies.
- less than half of all policies currently offered by major insurers cover the cost of an admission to private psychiatric hospitals.

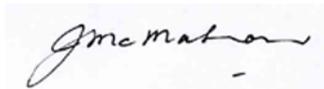
- consumers have limited ability to compare policies particularly as they pertain to psychiatric care.

There is a clear need for better information and communication by private health insurance companies to consumers about whether they are covered for psychiatric care and the extent of inclusions and exclusions on their policies. There is insufficient transparency and consistency regarding the features of private health insurance policies for psychiatric care to enable consumer to make informed decisions about their health care.

We are also aware that the Private Health Insurance Ombudsman pays particular regard to correct and prudent information and has sought and received changes about long-term misinformation on the iSelect website about the coverage of pre-existing mental health conditions by their insurers. We regularly refer our members to the Government's website of: <http://www.privatehealth.gov.au/> which provides good, independent information about health insurer policies.

We ask you and your Mental Health Advisor take our concerns into consideration. We would welcome the opportunity to meet with you to further discuss the points within this letter.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J McMahon', is centered on a light blue rectangular background.

Ms Janne McMahon OAM
Chair and Executive Officer
17 March, 2017