

## 2.5 Trends in private sector mental health services

### KEY MESSAGES:

- There was significant growth in mental health care activity in private hospitals between 1992-93 and 2010-11. Bed numbers in specialist psychiatric units in private hospitals increased by 40%, the number of patient days increased by 106%, and the number of full-time equivalent staff increased by 87%. Expenditure by private hospital psychiatric units grew by 142% between 1992-93 and 2010-11.
- Medicare Benefits Schedule (MBS) expenditure on mental health services increased significantly with the introduction of the Better Access program. Better Access provided a rebate on the MBS for selected services provided by general practitioners, psychiatrists, psychologists, social workers and occupational therapists. In 2006-07, MBS expenditure on mental health services had reached a low of \$474 million. In 2007-08, the first full year of Better Access, there was a sharp increase to \$583 million, and by 2010-11 the overall MBS mental health specific expenditure figure rose to \$852 million, accounting for 35% of overall Australian Government mental health spending.
- In 1992-93, services provided by psychiatrists and general practitioners accounted for all of the MBS expenditure on mental health services. By 2010-11, MBS-subsidised services provided by medical practitioners were complemented by services delivered by clinical psychologists, registered psychologists and other allied health professionals who accounted for 41% of MBS mental health specific expenditure.
- In 2011-12, 1.6 million people received mental health services subsidised by the Medicare system, some from several providers. In total, 7.9 million mental health services were provided in that year.

Reform of public sector mental health services was the principal focus of the National Mental Health Strategy in its first five years. Services provided outside the public sector were not originally considered within scope, but governments have become increasingly aware of the importance of partnerships with service providers operating in Australia's private sector.

The private sector plays a key role in overall service delivery. In 2010-11, the sector:

- provided 20% of total psychiatric beds;

- engaged or employed approximately 17% of Australia's health professional workforce delivering mental health services; and
- provided services to eight out of every 10 people who were recorded as receiving mental health specific health services.

This section reviews the provision of services provided through the private sector, both in private hospital settings and through services primarily funded under the Australian Government Medicare Benefits Schedule (MBS).

## Private hospital care

Private psychiatric hospitals have focused primarily on the provision of inpatient care. This reflects both the history of mental health services in Australia and the predominant way in which health insurance funds have paid benefits for mental health care. More recently, innovative community models of service delivery are being established that either substitute for or complement inpatient care. The datasets used for the *National Mental Health Report* do not currently contain accurate data on these, so, apart from acknowledging the emergence of these new services, little other information can be provided.

This section summarises information compiled by the Australian Bureau of Statistics (ABS) over key years in the National Mental Health Strategy, using data from its Private Health Establishments collection (PHEC). The ABS did not conduct a private hospital survey in 2007-08, the final year of the *Third National Mental Health Plan*. It also draws on an alternative source of private hospital data, auspiced by the Private Mental Health Alliance (PMHA) to supplement the information compiled from the ABS collection.<sup>30</sup>

Table 6 describes the activity in private hospitals from 1992-93 to 2010-11. The number of private hospitals reporting a specialist psychiatric unit has increased steadily over the course of the Strategy. Forty nine private hospitals providing

psychiatric services in 2010-11 reported to the ABS PHEC compared with 33 in 1992-93.<sup>E</sup>

There has been growth in the number of psychiatric beds in private hospitals over time. In 1992-93 there were 1,260 beds and in 2010-11 there were 1,768, an increase of 40%. In per capita terms, these figures equate to 7.2 beds per 100,000 in the former year and 7.9 per 100,000 in the latter.

The number of patient days spent in private psychiatric units has also increased. In 1992-93, 328,100 patient days were recorded. In 2010-11, this figure had risen by 61% to 676,654. In population terms, these figures translate to 19 patient days per 100,000 in 1992-93 and 30 patient days per 100,000 in 2010-11.

Staffing of private hospital psychiatric units has increased alongside bed numbers and patient days. In the baseline year, there were 1,222 full-time equivalent staff working in psychiatric units in private hospitals Australia-wide (seven per 100,000). By 2010-11, there were 2,290 (10 per 100,000). This represents an increase of 87% in absolute terms.

<sup>E</sup> Data from the PMHA collection (see [www.pmha.com.au](http://www.pmha.com.au)) suggests that this may be a slight undercount. The PMHA's Annual Statistical Report suggests that there were 53 private hospitals with specialised psychiatric units operating in 2010-11.

**Table 6**  
Activity in private hospitals with psychiatric units, 1992-93 to 2010-11

	1992-93 (Baseline year)	1997-98 (End 1st Plan)	2002-03 (End 2nd Plan)	2007-08 (End 3rd Plan)	2010-11 (Mid 4th Plan)
Hospitals	33	39	46	n.a.	49
Beds	1,260	1,507	1,727	n.a.	1,768
Beds per 100,000	7.2	8.1	8.7	n.a.	7.9
Patient days	328,100	380,117	510,634	n.a.	676,654
Patient days per 100,000	18.7	20.4	25.8	n.a.	30.1
Staff (FTE)	1,222	1,697	2,143	n.a.	2,290
Staff (FTE) per 100,000	7.0	9.1	10.8	n.a.	10.2

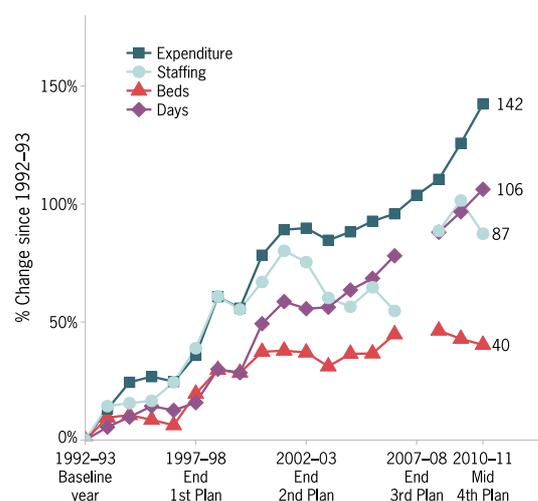
About one third of the growth (31%) in patient days in private psychiatric hospitals was accounted for by a substantial rise in same-day admissions, which increased nearly twelve fold between 1992-93 and 2010-11. Same-day admissions accounted for 78% of all discharges from private psychiatric hospital units in 2010-11 and represent the most frequent type of service provided. Same-day admissions across the broader private hospital sector have also increased significantly, but at a much lesser rate than in the psychiatric units that form part of the sector. Total same-day admissions increased approximately four fold in all private hospitals (including freestanding day facilities) between 1992-93 and 2010-11 and accounted for 64% of total separations in 2006-07.

Same-day care in the general health field refers to patients admitted to hospital for a medical, surgical or diagnostic procedure who are discharged on the day of admission. In the mental health field, most same-day admissions to private hospitals represent individual days of care that fall within planned episodes of ambulatory mental health care. In its Annual Statistical Report Series, the PMHA reported that Australia's private hospital psychiatric units delivered 13,335 episodes of ambulatory mental health care in 2010-11, with an average of 11 days of care per episode.<sup>30</sup> These episodes typically involve participation by consumers in structured, group-based psychotherapeutic programs, run by

allied health professionals or nurses with formal training in these forms of therapy. A relatively small proportion of same-day admissions to psychiatric hospital units are for electroconvulsive therapy, most usually provided to consumers with recurrent severe major depression.

Activity data relating to private hospital psychiatric units are considered in the context of expenditure data in Figure 34. Estimated recurrent expenditure by private psychiatric units in 2010-11 was \$307 million, an increase of 142% since 1992-93. This increase in expenditure outweighs the increases in beds, patient days and staffing, described above.

**Figure 34**  
Selected indicators of change in the private psychiatric hospital sector, 1992-93 to 2010-11



## Medicare Benefits Schedule funded private mental health care

Most previous *National Mental Health Reports* confined their coverage of Medicare Benefits Schedule (MBS) funded services to the activities of consultant psychiatrists working in the private sector. The 2010 report extended this scope to incorporate new MBS-subsidised services provided by general practitioners and allied health professionals that were introduced through Australian Government initiatives under the 2006 *National Action Plan on Mental Health*.

These services became available through the initiative known as Better Access to Psychiatrists,

Psychologists and General Practitioners through the Medicare Benefits Schedule (Better Access), which was introduced in November 2006 in response to low treatment rates for common mental disorders (for example, anxiety, depression and substance use disorders). Better Access introduced a series of new item numbers on the Medicare Benefits Schedule to provide a rebate for selected services provided by general practitioners, psychiatrists, psychologists, social workers and occupational therapists.

Figure 35 shows that MBS expenditure on mental health services has increased significantly in line with the introduction of Better Access. In 1992-93, an estimated \$521 million was spent on MBS-funded services, accounted for by services provided by GPs and consultant psychiatrists. This figure rose incrementally until the mid-1990s, reaching

\$576 million in 1995-96, and then dipped into the mid-2000s. In 2007-08, the first full year of Better Access, expenditure rose to \$583 million and by 2010-11 the overall MBS mental health specific expenditure figure reached \$852 million, accounting for 35% of overall Australian Government mental health spending.

Figure 35  
MBS expenditure on mental health services (\$millions), 1992-93 to 2010-11

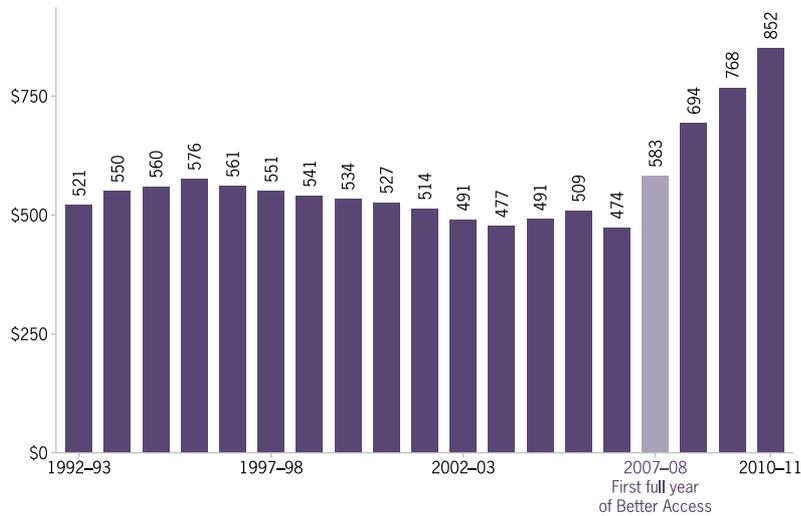
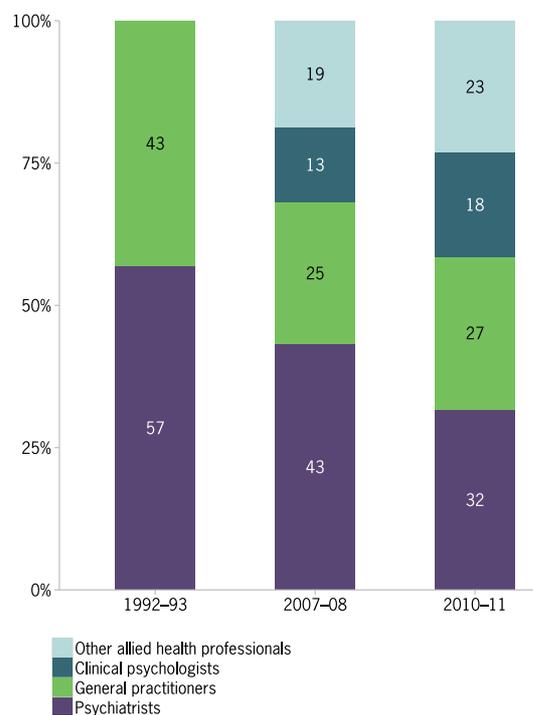


Figure 36 shows the distribution of expenditure across the different provider groups over time. In 1992-93, services provided by psychiatrists and general practitioners accounted for 57% and 43% of overall MBS expenditure on mental health services, respectively. As Better Access was rolled out in 2007-08, the share of expenditure on services delivered by psychiatrists and general practitioners in that year reduced, with the former accounting for 43% and the latter tallying 25%. In that year, 13% of expenditure covered services delivered by clinical psychologists, and 19% covered services delivered by registered psychologists and other allied health professionals. The proportion of expenditure dedicated to services delivered by each of these groups has continued to grow, and in 2010-11 it collectively made up 41% of all expenditure on MBS-funded mental health services.

Figure 36  
Distribution of MBS expenditure on mental health services, 1992-93 to 2010-11



In total, one million people received mental health services subsidised by the Medicare system in 2007-08 (see Figure 37). This number climbed steadily during the first five full years of Better Access, and reached 1.6 million in 2011-12.

Figure 38 provides a breakdown of the number of people seen by psychiatrists, general practitioners, clinical psychologists and other allied health professionals in 2011-12. Some of the individuals treated by MBS-subsidised mental health service providers in 2011-12 received services from more than one kind of provider, so the total exceeds 1.6 million. General practitioners saw the largest number of people (1.2 million), which reflects the fact that they not only provide mental health services themselves but also act as the referral conduit to other providers under the rules of Better Access. Registered psychologists and other allied health professionals saw nearly 500,000 people.

In total, 7.9 million mental health services were provided through Medicare in 2011-12, compared with 3.3 million provided in 2006-07 (an increase of 141%). Figure 39 shows the number of services provided by each of the four provider types, and demonstrates significant growth for services provided by general practitioners (0.6 million to 2.2 million), clinical psychologists (0.2 million to 1.4 million) and other allied health professionals (0.5 million to 2.3 million). Figure 39 suggests that in all three cases the growth is beginning to attenuate and that for other allied health professionals it may be beginning to reverse. An evaluation of Better Access suggested that the significant initial uptake of these new services reflected the high levels of previously unmet need for mental health care in the community.<sup>31</sup>

Figure 37  
Number of people treated by MBS-subsidised mental health service providers, 2006-07 to 2011-12

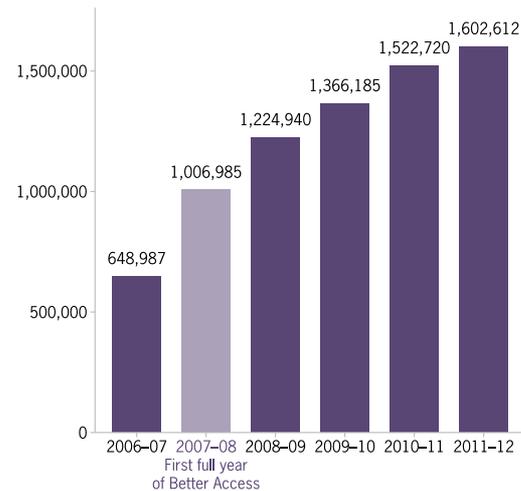


Figure 38  
Number of people treated by MBS-subsidised mental health service providers, by provider type, 2011-12

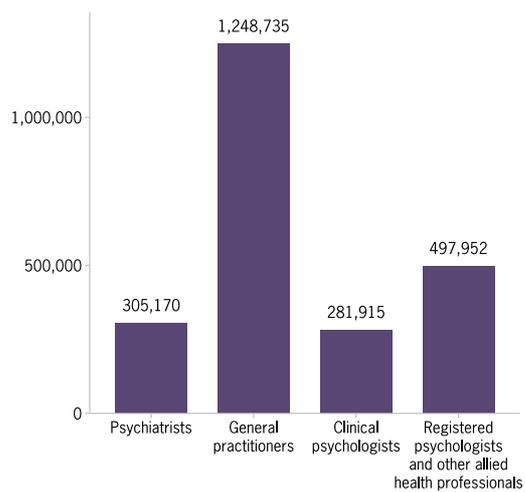


Figure 39  
Number of MBS-subsidised mental health services provided, by provider type, 2006-07 to 2011-12

