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Dear Dr Sherbon

AMA submission on Development of the Australian Mental Health Care Classification (AMHCC) – Public consultation paper 1

Thank you for the opportunity to make a submission on the AMHCC consultation paper.

The AMA notes the stated purpose of developing the AMHCC is to improve the clinical meaningfulness of mental health classification, leading to an improvement in the cost predictiveness, and to support new models of care being implemented in all states and territories with a classification that can be applied in all settings.

These are valid objectives. The degree to which they are being achieved should be a constant point of reference throughout the project and a measure of its success or otherwise.

The higher level objective for this work is whether it supports the efficient and effective provision of mental health care by clinicians and hospitals to meet the needs of patients.

The AMA has significant concerns with the proposed development of the AMHCC and its contribution at both the project level and higher level objectives.

The broader context for mental health services and the AMHCC work must be acknowledged.

Current funding for mental health services is inadequate. It is important any classification work does not contribute to locking in place the current extremely low funding for mental health services and ensuring public hospitals have insufficient resources to meet community need for public mental health services, in perpetuity.

The AMHCC should not be used as part of an overall methodology that looks simplistically at multiple jurisdictions with an overriding emphasis on reducing cost/price and fails to consider quality/outcomes/assessment of performance as being as important as the unit price.

Development of mental health care classification and costing methodologies should actively consider possible approaches to include quality.

The AMA has concerns about the relationship, timing of completion and quality of findings and data from the costing study. There are concerns over the apparent haste with which the Mental Health Costing Study and development of the classification system is being pushed through. The classification system was originally meant to have been developed around what the costing study showed yet these findings are not available to inform the classification system. Stakeholders including the AMA will need to consider the costing study and the quality of its data from both public and private hospitals as key inputs to any classification system.

Other concerns include:

- The new data elements proposed by UQ may well be useful and sensible, at least in some cases, but this cannot be determined until the costing study results are in and able to be considered.
- For example, AMA members consider 'a consumer's first contact with mental health services' will not be a very good indicator of the cost drivers in mental health care.
- Similarly, the degree of match between existing data collections and the presumed new data elements (such as phase of care) is unclear.
- Including adolescents in the classification system with other patients is a concern, because the needs and treatments for adolescents are different. Putting costs for both adolescents and adults together in a classification system is unlikely to be useful.
- There are concerns around the intervention codes which were never agreed to be fit for the purpose proposed in the classification system.
- A critical issue with any list of design principles (refer Table 1) is how the principles are applied and what trade-offs are made between different principles.

Given the above, there is a clear need for close involvement and consultation with clinicians in the development of the AMHCC.

More generally, ABF is an approach to systematically identifying and classifying activities. This can provide an improved and more logical basis for determining the funding required to deliver those activities. In theory a soundly developed classification system, as intended by the AMHCC, should be a critical step towards more accurate pricing of mental health services under ABF.

However, the future of ABF as the basis for hospital pricing is now limited, at least at the Commonwealth level. From 2017-18 the Commonwealth has signalled it will index its funding for public hospitals by a combination of CPI and population growth. This suggests the need and rationale for the AMHCC is/has changed, and that this change and its implications for the development of the AMHCC should be more clearly identified.

One of these implications is clearly there is likely to be more time available for development of the AMHCC, time that can be used to sequence the work more sensibly (ie after the costing study is completed) and thereby enable development of a more robust and better-informed classification system.

ABF is not a panacea for all funding problems facing mental health care. However, subject to the above concerns, ABF does offer some advantages over approaches based on historic funding levels with inadequate indexation.

The AMA looks to a timely and robust process for the development of the AMHCC that is accurately informed by a completed costing study and the views of clinicians and other stakeholders. If the classification work is undertaken this way, it has potential benefits of:

- Giving more explicit recognition to mental health activity by defining, identifying and classifying mental health services.
- Ensuring mental health services are better recognised and provided for in state and hospital-level funding decisions (regardless of Commonwealth funding change).
- Enabling better informed comparison of activities across and within hospitals and identifying unexplained and potentially unwarranted variations.

Yours sincerely

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President AMA

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