

14 July 2023

Professor Michael Pervan
Chief Executive Officer
Independent Health and Aged Care Pricing Authority

By email to: submissions.ihacpa@ihacpa.gov.au

Dear Prof Pervan

Re: Consultation on IHACPA Pricing Framework for Australian Public Hospital Services 2024-25

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to provide input on the Independent Health and Aged Care Pricing Authority (IHACPA) [Consultation Paper on the Pricing Framework for Australian Public Hospital Services 2024-25](#) (the draft Framework).

The RANZCP acknowledges the IHACPA's decision to review and revise the Pricing Guidelines to ensure that funding is allocated using the best available information. It is the RANZCP's view that the Pricing Guidelines allow for transparency and accountability in how the IHACPA makes decisions relating to funding of services. The RANZCP recognises the complexity of funding arrangements and recommends that the Pricing Guidelines are further refined to ensure all stakeholders are adequately informed of the funding process for public hospitals and aged care facilities.

The RANZCP supports the IHACPA's continued development of the Australia Mental Health Care Classification (AMHCC) Version 1.1. It is the RANZCP's position that the classification of mental health care services in public hospitals should be informed by the best available data. The RANZCP encourages the open availability of data for mental health care classifications, as it will allow all stakeholders to make informed decisions about resources and services used in the mental health care sector. To finalise AMHCC Version 1.1 and develop AMHCC Version 2.0, the RANZCP welcomes consultation with the IHACPA as a key stakeholder in the field of psychiatry and mental health.

It is the RANZCP's view that while community mental health care is transitioned from block funding to an Activity Based Funding (ABF) model, the IHACPA should consider variations in activity, particularly in rural and remote locations. The RANZCP reiterates that for consultation-liaison psychiatry, challenges remain in implementing ABF in mental health services based in regional and rural Australia where services are stretched with minimal non-government providers available. Funding of consultation-liaison psychiatry services using the ABF model in these settings is also challenging due to fluctuations in activity.

The RANZCP highlights that the pricing of aged care services must reflect the complexity of mental health service provision in aged care settings. With the varying service models across the nation, mental health units provide acute and subacute services for assessment and treatment of behavioural presentations for patients with dementia or Acquired Brain Injury (ABI). It is crucial that services for dementia and ABI patients are costed properly given the rising care requirements for patients, and the rapidly ageing population.

With respect to the funding of standalone hospitals providing specialist mental health services (i.e., psychiatric hospitals), feedback from key stakeholder such as the RANZCP should be considered in addition to consultation with states and territories.

The RANZCP supports the decision, as mentioned in the draft Framework, for teaching and training activities to remain block funded until further work can be undertaken with jurisdictions. In addition to feedback from states and territories, medical colleges should be consulted as part of this process to ensure adequate consideration of the likely implications that changes to block funding will have on resources for teaching and training, and therefore the quality of the future psychiatric mental health workforce.

The RANZCP thanks the IHACPA for meeting with the RANZCP on 27 March 2023 to discuss how pricing may better reflect psychiatry practice and patient needs in Mother Baby Units (MBUs). The RANZCP looks forward to meeting with the IHACPA in future to further discuss an agreed definition for MBUs and the application of service use identifiers to better understand the number of MBUs across the nation.

To discuss any of the issues raised in this submission to the draft Framework, please contact Nicola Wright, Executive Manager, Policy, Practice, and Research via nicola.wright@ranzcp.org or on (03) 9236 9103.

Yours sincerely



Dr Elizabeth Moore
President

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