Fact Sheet 6 – What this means for states and territories

Key issues

- The states and territories spend an estimated $4.5 billion on mental health programmes, services and supports. This expenditure is predominantly in hospitals and specialised community mental health services, and also includes around $300 million for NGOs.

- Clarifying Commonwealth and state and territory roles is important to ensure the efficient delivery and planning of mental health programmes and investment.

- The Commission received considerable feedback about an emerging and growing “missing middle” in mental health. While the Commonwealth has inserted various programmes into the mental health system, the states and territories have been pulling back their community-based mental health services. The result has been a growing gap between what GPs and NGOs do, and what services state and territory hospital networks provide, which is not yet optimally filled by other community-based supports that promote early intervention and recovery.

- The “missing middle” is causing enormous system failure, with people falling through the gap between GPs and primary health care on the one hand, and emergency departments and hospitals on the other.

- The Review process did not provide the opportunity to engage sufficiently with the states and territories on these challenges and the Commission sees the report as a conversation starter with governments to identify workable solutions.

Key responses

- The Commonwealth should make better use of its resources to take the pressure off the state and territory hospital systems.

- It should actively build up hospital avoidance services which keep people well and in the community, participating in education and employment. To achieve this, the Review recommends shifting Commonwealth funding priorities from hospitals and income support to community and primary health care services over time.

- This approach aims to catch people before they fall, keep them out of hospital, bolster support within communities so that individuals and families have the greatest chance of living a contributing life, and drive long term cost savings.

- Specifically, the Commission recommends reallocating a minimum of $1 billion in Commonwealth acute hospital funding from growth in the forward estimates over the five years from 2017–18. This would be reinvested in community and primary health care services through a staged approach, starting with $100 million in the first year, and an additional $50 million in each of the following four years thereafter—building to $300 million by 2022–23.
The Commonwealth currently allocates $16 billion a year to the states for hospital care - $100 million represents only 0.6 per cent indexation on that $16 billion. It represents a relatively minor amount in overall hospital expenditure but would be a significant boost to community and primary mental health expenditure.

This redirected funding will help take the pressure off state and territory hospitals and EDs, keep people in their homes with their families and other support people, plug the gap in the “missing middle” and ensure essential services can be provided within the community setting.

Ultimately it will result in getting the best possible outcomes for people and maximising value for taxpayers.

States and territories should be supported as the system managers for public hospitals, and encouraged to work with Commonwealth funded agencies on models of hospital avoidance and psychosocial support which keep people with their families and contributing within the community.

Integrated Care Pathways should be developed between PMHNs and LHNs, to ensure a smooth journey for people who have to move between primary, acute and subacute services involving different funders.

Expansion of the role and service offering of NGOs is an important element of this change. A number of NGO and private organisations are expanding their range of services into areas such as step-up/step-down care, rehabilitation, and community based treatment.

The states and territories should continue to take responsibility for the clinical care coordination of people with severe and persisting disorders. Many of these people are connected to the state and territory mental health system with case managers or care coordinators. A smaller number are treated by private psychiatrists, increasingly with the help of mental health nurses.

States and territories should also remain responsible for the delivery of Aboriginal and Torres Strait Islander specialist mental health services, linked by Integrated Care Pathways to Indigenous primary health services and mainstream primary care.