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Committee Secretary
Senate Committee for Community Affairs
Parliament of Australia

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Dear Committee Secretary

Regarding: The Proposed Changes to The Medicare Safety Net in 2015

I am writing to bring to your awareness the potential implications of the proposed changes to the Medicare Safety Net in 2015. The proposed changes, however, do not take into consideration the impact on patients that are dependent on certain Medicare items, in particular item 316.

Many patients who have "treatment resistant depression", personality disorders and/or a history of childhood abuse and trauma, benefit significantly from psychotherapy, where medication and CBT have failed. A recent study at the world leading Tavistock Clinic in London, comparing the effects of psychotherapy versus the usual medication and counselling support in this group of patients, demonstrated higher rates of remission and sustained improvement with psychotherapy.

These patients are often portrayed as "the worried well". This is far from the truth as they are often seriously unwell, and in the course of their illness, may be suicidal or self-harming. These patients need two to three times a week therapy over several years. Such intensive long-term psychotherapy is not available in the public mental health system and many seek "low cost treatment" provided by psychiatrists trained in psychotherapy.

Each year, after the first 50 sessions on item 306, they proceed to item 319 (if they have a diagnosis of severe personality disorder and a global assessment of function score of less than 50) or item 316 (if they possess a higher functioning score). Currently, a patient receiving intensive long-term psychotherapy as outlined above, would pay a gap of $20 to $40 per session, and with the present Medicare Safety Net, they would be out of pocket between $1,000 to $3,000 a year.

Under the proposed new Medicare Safety Net, these patients will be out of pocket between $5,000 to $15,000 a year, based on the moderate fee schedules of most psychiatrist-psychotherapists. It is impossible for most patients currently receiving the necessary treatment to afford such out-of-pocket expenditure. This huge increase in cost is to be imposed on those proceeding to item 316 after their first 50 sessions, where the rebate will be reduced from $266 to $138, resulting in an increased out-of-pocket cost of $128 per session. Those on item 319 will only be minimally affected as the proposed cap does not reduce its rebate significantly.

In her recent address to the National Press Club, The Hon. Sussan Ley, Minister for Health, did not appear to understand the reality of these patients or their situation.

She argued that :

1. as most psychiatrist-psychotherapists practice in affluent areas, or their patients come from such areas; these patients should be able to pay.

Such broad assumption about demographics betrays the reality of some individuals living in these areas.

In my practice in Carlton, I see many students and families on low incomes. They work extra hours in casual work and second jobs in order to afford the low cost treatment that they value. They can barely afford the current $20-$40 per session and will certainly not be able to afford a $130-$170 gap. While the gap of a couple of hundred dollars might seem manageable for the occasional visits but it is simply unaffordable for most who need more than once weekly sessions over a year.

2. most patients on item 316 can be shifted to item 319.

This is **not** possible under the current criteria of the Medicare Schedule because a patient must be :
(a) diagnosed with a very restricted list of disorder, and it does not include depression that have not responded to conventional treatment, and those who have experienced severe childhood adversities.
(b) deemed to be higher functioning, with GAF scores of more than 50.

The current system with items 319 and 316 is, in fact an anomaly that defies logic. In order to qualify for item 319 the patient must be low functioning, and those on item 316 will need to deteriorate to a lower level of lower functioning in order to qualify for item 319.

The current system ignores the fact that it is because of the intensive psychotherapy treatment that these patients can function at a higher level.
Why should patients (using item 316) be penalised for maintaining their higher level of functioning through effective treatment?

The effective treatment of these severe mental health conditions **reduces** long-term morbidity and the corresponding cost of health care utilisation. Studies have shown that this group of patients have high rates of substance abuse and physical illness co-morbidities, and they require frequent acute care for suicide attempts and self harm. The average individual cost of health care utilisation has been estimated to be between $100,000 to $500,000 a year. The general impact through unemployment, family breakdown and interpersonal conflict is far greater.

It does not make sense for the government to try to reduce the funding of cost-effective preventative treatment in the general community setting, while it is highly predictable that without intensive psychotherapy treatments, these patients will soon be attending emergency departments with self-harm or suicide attempts, or hospitalisation because of breakdown.

With the explanations outlined above, a fair and workable amendment will be to review the inclusion criteria for item 319 to allow access by patients with a wider range of conditions and with apparent higher functioning (remove GAF score criteria).

Your careful consideration of the needs of this vulnerable group of people will be greatly appreciated.

Yours sincerely,

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