



Policy costing

Ensure access to mental health services for everyone who needs support	
Party:	Australian Greens
<p>Summary of proposal:</p> <p>This proposal would establish the following ten components relating to mental health services.</p> <ul style="list-style-type: none">• Component 1 – Workplace mental health interventions in small businesses<ul style="list-style-type: none">– Provide ongoing funding of \$50 million per year, indexed to the consumer price index (CPI), for mental health intervention measures in small businesses. Departmental expenses are included within this capped amount.• Component 2 – Mental health in larger businesses<ul style="list-style-type: none">– Provide funding of \$50 million per year (indexed to the CPI) over four years. Departmental expenses are included within this capped amount.• Component 3 – Additional data on mental health<ul style="list-style-type: none">– Fund the Australian Bureau of Statistics (ABS) to collect more detailed data on mental health, including its effect on absenteeism and presenteeism, by conducting a National Survey of Mental Health and Wellbeing (Mental Health Survey) similar to the one conducted in 2007.• Component 4 – Peer workforce trial<ul style="list-style-type: none">– Establish a two-year national peer workforce trial with 1,000 places, from 1 July 2019. Peer workers generally refer to people with lived experience of mental illness who provide support to others.• Component 5 – Supported employment for people with a severe mental illness<ul style="list-style-type: none">– Expand the existing Individual Placement and Support Trial that is funded by the Department of Social Services to cover 10,000 additional participants. The Individual Placement and Support Trial helps young people aged 16 to 25 with mental health concerns to identify and secure employment and study opportunities. The trial would have the following timing:<ul style="list-style-type: none">◆ 2019-20 and 2020-21: 2,000 participants per year.◆ 2021-22 and 2022-23: 3,000 participants per year.– Administered funding for these places would be indexed by the CPI. The expanded trial would run for four years.• Component 6 – Assertive outreach post suicide attempt<ul style="list-style-type: none">– Provide grant funding of \$500 million over four years for programs such as hospital outreach post suicide, capped at \$125 million in each year. Departmental expenses are included within this capped amount.• Component 7 – e-Health early interventions<ul style="list-style-type: none">– Fund online cognitive behaviour therapy services for one million total users each year for four years.	

- Component 8 – Community psychosocial services
 - Provide \$150 million each year over three years for community psychosocial services.
 - ◆ Expenditure under this component would be offset by reversing the 2019-20 Budget measure *Prioritising Mental Health – Early Psychosis Youth Services*.
- Component 9 – Prevention and early intervention
 - Provide funding for a four-year trial of 50,000 children and young adults to each access 10 group sessions of cognitive behaviour therapy. The trial would fund 5,000 participants in its first year and 15,000 for each of the following three years.
- Component 10 – National youth mental health stigma strategy
 - Provide \$10 million spread evenly over four years for a national youth mental health stigma strategy.

The proposal would have effect from 1 July 2019.

Costing overview

This proposal would be expected to decrease both the fiscal and underlying cash balances by \$2,937.1 million over the 2019-20 Budget forward estimates period. This impact reflects an increase in administered expenses of \$2,887.0 million and an increase in departmental expenses of \$50.1 million.

A breakdown of the financial implications of this proposal over the 2019-20 Budget forward estimates period is provided at [Attachment A](#). Component 1 is the only component of the proposal that would be expected to have an ongoing impact beyond the 2019-20 Budget forward estimates period.

There is significant uncertainty associated with the financial implications of many of these components. As the Mental Health Survey has not been conducted since 2007, the financial implications for Component 3 are sensitive to the estimated cost increases of conducting the survey from 1 July 2019.

The financial implications of Component 4 are sensitive to the average salary and employee-related expenses of peer workers in the trial.

The financial implications of Component 5 are very sensitive to expected take-up rates for the expanded trial and the estimated cost per participant under the baseline, which was used to inform the cost of an expanded trial. The costing does not include any flow-on implications for the Commonwealth Government as these are too uncertain to reliably quantify. For example, financial implications arising from participants who secure ongoing employment or training and no longer require access to income support payments have not been included.

The financial implications of Component 7 are very sensitive to a number of assumptions and inputs, particularly the expected take-up rates of online cognitive behaviour therapy services under the proposal, the estimated number of existing users of online cognitive behaviour therapy services under the baseline, and the cost per recipient of delivering these services online, which can differ widely in scope and cost. The estimates would be subject to uncertainty regarding the potential flow-on impacts on the use of the Medicare Benefits Schedule, which was not possible to determine with any certainty, and these have not been included.

The financial implications of Component 8 are sensitive to the size of the specified offset, which depends on the amount of uncommitted funds available under the 2019-20 Budget measure being reversed.

The financial implications of Component 9 are sensitive to the cost of the group therapy sessions and the departmental expenses associated with conducting the trial.

Table 1: Financial implications (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-475.4	-710.1	-875.7	-868.6	-2,937.1
Underlying cash balance	-475.4	-710.1	-875.7	-868.6	-2,937.1

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

Component 3 – Additional data on mental health

- The additional funding required to conduct the survey commencing from 1 July 2019 would be distributed in a manner consistent with the original funding profile.
- Ten full-time-equivalent staff would be required to run the Mental Health Survey across the survey cycle.
- Total funding for the Mental Health Survey would be split between the Department of Health and the ABS according to the split for the 2007 survey.
 - This reflects that the Department of Health is the primary user of the survey results.
- The Mental Health Survey would be conducted over a four-year survey cycle.

Component 4 – Peer workforce trial

- A competitive grants process would be used to select non-government organisations that would run the trial.
- The competitive grants process would start in the second half of 2019 and the two-year trial would run from 1 January 2020 to 31 December 2021.

Component 5 – Supported employment for people with a severe mental illness

- All additional places in the trial would be taken up.
- The administered expenses for the expanded trial are equal to the cost of the existing Individual Placement and Support Trial on a per-participant basis, indexed by the CPI.

Component 7 – e-Health early interventions

- The number of people using online cognitive behaviour therapy services provided through organisations funded by the Commonwealth Government in 2019-20 would be 104,000 and would grow to 108,000 by 2022-23 under the baseline, based on the number of users of online cognitive behaviour therapy until 2017-18 and the estimated annual average growth rate in the number of Australians aged between 15 and 64 from 2017 to 2023.
 - This estimate is based on disaggregated information provided by the Department of Health.
- Over the four years from 2019-20, the cumulative number of new users of online cognitive behaviour therapy services would be approximately half the number of Australians with a mental health disorder (that is, around 2.3 million users).
 - As use of the services is voluntary and the number of baseline users is well below the target for the first year of the proposal, the estimated users are lower than the target of one million total users per year.
 - The number of people using online cognitive behaviour therapy services in 2019-20 would be about double the current number of people using these services and would linearly increase to reach about one million users in 2022-23.
- The intervention costs and the patient costs of a cycle of online cognitive behaviour therapy services were based on relevant overseas literature.
 - The intervention costs include online platform maintenance and internet therapist costs.
 - ◆ Internet therapist costs were based on the weekly hours of therapy, the hourly therapist cost, and the weeks of service use per year.
 - The patient costs of a cycle of care include the costs of registration, diagnostic assessments, and online interventions.
 - The financial implications for the Commonwealth Government of any flow-on impacts on the use of the Medicare Benefits Schedule or Pharmaceutical Benefits Scheme items as a result of treatment have not been considered in this costing.

Component 8 – Community psychosocial services

- Consistent with the 2017-18 Budget measure *Prioritising mental health—psychosocial support services—funding*, which provided funds for Primary Health Networks for a similar purpose, additional departmental expenses would not be required to administer this funding over the 2019-20 Budget forward estimates period.
- Administered funding from 2019-20 to 2020-21 under the 2019-20 Budget measure *Prioritising Mental Health – Early Psychosis Youth Services* would be 50 per cent contractually committed in 2019-20 and 25 per cent contractually committed in 2020-21. Contractually committed funding would not be available for use as an offset. A proportional amount of the associated departmental funding would be required to administer the contracted funding, so would not be available for use as an offset.
 - A reasonably high share of contracted funds is likely because funding provided under the measure was announced shortly after the 2018-19 Mid-Year Economic and Fiscal Outlook and continued an existing area of Commonwealth Government funding.

Component 9 – Prevention and early intervention

- The trial would be rolled out through existing youth mental health services, such as Headspace, receiving Commonwealth Government funding.
 - Departmental costs are therefore only the cost of establishing, monitoring and concluding the trial.
- Costs for the 10 group sessions in the first year would be \$500 per person.
 - This is based on scaling down the Medicare schedule fee for individual 50-minute sessions with a psychologist, given the lower expected costs of group sessions.
- Annual costs per person would grow at the indexation rate of Medicare Benefits Schedule items (wage cost index 5).

Methodology

Components 1, 2, 6, 10

Departmental cost estimates for Components 1, 2 and 6 were based on similar-sized programs and account for the net effect of indexation parameters and the efficiency dividend, in accordance with the Department of Finance's costing practices.

Departmental expenses for Component 10 were as specified by the requestor.

The PBO has not undertaken any analysis to assess whether the proposed expenditures would be sufficient to achieve the objectives of the policy proposal.

Component 3

The funding profile for the 2007 Mental Health Survey was supplemented with the additional funding likely to be required to administer the survey in 2019.

Component 4

Administered expenses represent the cost of the grant payments. Grant payment amounts were estimated as the sum of salaries, employee-related expenses, and other administrative costs.

- Salaries and employee-related expenses were calculated by multiplying estimated average wages, superannuation, and employment-related expenses by the specified number of placements.
 - Peer worker wages were estimated based on the New South Wales' Ministry of Health 2015 wage determination for a diversional therapist without a diploma.
 - The superannuation rate is 12 per cent, consistent with the *First State Superannuation Act 1992*.
 - Employment-related expenses, such as training and human resources support, were based on the average employment-related expense for an Australian Public Service employee.
- Costs of administering the trial were based on administrative funding allocated for a similar trial involving the set-up of a workforce.

Departmental expenses represent the cost of selecting and monitoring non-government organisations that would administer the trial, and were based on the departmental expenses of managing a similar grants program.

Component 5

Administered and departmental expenses for the expanded trial were estimated based on the existing Individual Placement and Support Trial, scaled to the specified number of participants and indexed by the CPI (administered expenses) or the relevant wage cost index net of the efficiency dividend (departmental expenses).

Component 7

Administered expenses were estimated by multiplying the estimated number of recipients each year by the cost of providing online cognitive behaviour therapy services per recipient.

- The estimated recipients each year were calculated using the assumption above, resulting in a total of around 852,000 new recipients in the final year of the proposal.
- The cost of providing online cognitive behaviour therapy services were calculated using relevant data from international research, converted to Australian dollars using average exchange rates from 2016-17 to 2018-19, and indexed by the CPI.
- The number of Australians receiving online cognitive behaviour therapy services through seven organisations funded by the Commonwealth Government under the baseline was estimated from information reported to the Department of Health by those organisations over 2015-16 to 2017-18, and on the Commonwealth Government's funding to expand eHeadspace, which was announced in 2018.
 - The content and quality of available data varies by organisation, and the baseline number of users was estimated by applying assumptions for each organisation.
- Departmental expenses were based on a similar budget measure that provided funding for mental health.

Component 8

The net administered expenses of this component are equal to the specified expenses less the funding available from reversal of the 2019-20 Budget measure to be used as an offset.

Component 9

The cost per person for funding ten group therapy sessions was multiplied by the specified number of people in each year of the trial. Departmental costs were estimated assuming a small team would oversee the program, with higher costs in the establishment and final years.

All components

Administered expense estimates of Component 7 are rounded to the nearest \$10 million. All other administered expense estimates are rounded to the nearest \$1 million. All departmental expense estimates are rounded to the nearest \$100,000.

Data sources

Australian Broadcasting Corporation, 2018. *Prime Minister Scott Morrison announces \$52m extra funding for Headspace* [Online] Available at: <https://amp.abc.net.au/article/10375054> [Accessed 14.03.2019].

Australian Bureau of Statistics, 2018. *4364.0.55.001 – National Health Survey: First Results, 2017-18 – Mental and Behavioural Conditions* [Online] Available at: <https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4364.0.55.001~2017-18~Main%20Features~Mental%20and%20behavioural%20conditions~70> [Accessed 14.03.2019].

Commonwealth of Australia, 2018. *2017-18 Budget*, Canberra: Commonwealth of Australia.

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El Alaoui, S., Hedman-Lagerlöf, et al., 2017. *Does internet-based cognitive behaviour therapy reduce healthcare costs and resource use in treatment of social anxiety disorder? A cost-minimisation analysis conducted alongside a randomised controlled trial*, *BMJ Open* [Online] Available at: <http://dx.doi.org/10.1136/bmjopen-2017-017053> [Accessed 22.02.2019].

Lalouni, M., Ljótsson, B., et al., 2018. *Clinical and Cost Effectiveness of Online Cognitive Behavioural Therapy in Children with Functional Abdominal Pain Disorders*, *Clinical Gastroenterology and Hepatology* [Online] Available at: <https://doi.org/10.1016/j.cgh.2018.11.043> [Accessed 04.03.2019].

Department of Health, 2018. *Medicare Benefits Schedule – Item 80010* [Online] Available at: <http://www9.health.gov.au/mbs/fullDisplay.cfm?type=item&q=80010&qt=item&criteria=clinical%20psychologist> [Accessed 17.08.2018].

Mental Health Australia and KPMG, 2018. *Investing to Save – The Economic Benefits for Australia of Investment in Mental Health Reform* [Online] Available at: https://mhaustralia.org/sites/default/files/docs/investing_to_save_may_2018_-_kpmg_mental_health_australia.pdf [Accessed 07.06.2018].

New South Wales Government, 2017. *First State Superannuation Act 1992 No 100* [Online] Available at: <https://legislation.nsw.gov.au/#/view/act/1992/100/part2/sec8> [Accessed 27.08.2018].

New South Wales Ministry of Health, 2015. *Determination No. 15 of 2015 – Rates of Pay and Conditions of Employment – Various Allied Health Assistant Classification* [Online] Available at: <https://www.health.nsw.gov.au/careers/conditions/Awards/technical-assistant-grade1.pdf> [Accessed 27.08.2018].

The ABS provided historical cost information for running the Mental Health Survey in 2007 and estimates of significant differences in the cost of running the survey in the future.

The Department of Finance provided indexation parameters as at the 2019 Pre-election Economic and Fiscal Outlook.

The Department of Health provided historical information on organisations funded by the Commonwealth Government and delivering online cognitive behaviour therapy services.

The Department of the Treasury provided Australian population historical figures and projections as at the 2019 Pre-election Economic and Fiscal Outlook.

The Department of the Treasury provided annual Australian exchange rates in 2016-17 as at the 2018-19 Budget.

The Department of the Treasury provided annual Australian exchange rates from 2017-18 to 2018-19 as at the 2019 Pre-election Economic and Fiscal Outlook.

The Department of Jobs and Small Business provided information on the *Regional Employment Trials* program as at 24 July 2018.

The Department of Social Services provided information on the Individual Placement and Support Trial.

Attachment A – Ensure access to mental health services for everyone who needs support – financial implications

Table A1: Ensure access to mental health services for everyone who needs support – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Expenses					
<i>Administered</i>					
<i>Component 1 – Workplace mental health interventions in small businesses</i>	-48.0	-50.0	-51.0	-52.0	-200.0
<i>Component 2 – Mental health in larger businesses</i>	-48.0	-50.0	-51.0	-52.0	-200.0
<i>Component 3 – Additional data on mental health</i>	-	-	-	-	-
<i>Component 4 – Peer workforce trial</i>	-41.0	-82.0	-41.0	-	-164.0
<i>Component 5 – Supported employment for people with a severe mental illness</i>	-9.0	-10.0	-14.0	-15.0	-48.0
<i>Component 6 – Assertive outreach post suicide attempt</i>	-123.0	-123.0	-123.0	-123.0	-491.0
<i>Component 7 – e-Health early interventions</i>	-70.0	-240.0	-420.0	-610.0	-1,350.0
<i>Component 8 – Community psychosocial services</i>	-123.0	-136.0	-150.0	-	-409.0
<i>Component 9 – Prevention and early intervention</i>	-2.0	-8.0	-8.0	-7.0	-25.0
<i>Component 10 – National youth mental health stigma strategy</i>	-	-	-	-	-
Total – administered	-464.0	-699.0	-858.0	-859.0	-2,887.0
<i>Departmental</i>					
<i>Component 1 – Workplace mental health interventions in small businesses</i>	-2.4	-1.5	-1.5	-1.5	-7.0
<i>Component 2 – Mental health in larger businesses</i>	-2.4	-1.5	-1.5	-1.5	-7.0
<i>Component 3 – Additional data on mental health</i>	-0.6	-2.4	-9.3	-0.7	-13.1
<i>Component 4 – Peer workforce trial</i>	-0.5	-0.6	-0.1	-	-1.2
<i>Component 5 – Supported employment for people with a severe mental illness</i>	-0.4	-0.4	-0.6	-0.6	-1.9
<i>Component 6 – Assertive outreach post suicide attempt</i>	-2.1	-2.1	-2.1	-2.2	-8.5
<i>Component 7 – e-Health early interventions</i>	-0.1	-0.1	-0.1	-0.2	-0.5
<i>Component 8 – Community psychosocial services</i>	-	-	..
<i>Component 9 – Prevention and early intervention</i>	-0.4	-0.4	-0.9
<i>Component 10 – National youth mental health stigma strategy</i>	-2.5	-2.5	-2.5	-2.5	-10.0
Total – departmental	-11.4	-11.1	-17.7	-9.6	-50.1
Total – expenses	-475.4	-710.1	-875.7	-868.6	-2,937.1

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

(b) Figures may not sum to totals due to rounding.

.. Not zero but rounded to zero.

- Indicates nil.