

IHPA Mental Health Costing Study

Call for Submissions

07 May 2014

1. Overview of the Study

The Independent Hospital Pricing Authority (IHPA) is calling for submissions for an upcoming *Mental Health Costing Study*.

As part of IHPA's development of activity based funding (ABF) arrangements for Australian hospitals, IHPA has appointed a consortium led by HealthConsult to undertake a costing study to inform the development of the Australian Mental Health Care classification.

This study follows work undertaken by a consortium led by The University of Queensland which developed a recommended definition of mental health services that could be consistently applied for ABF purposes within the mental health sector and between jurisdictions, and an analysis of cost drivers including a recommended framework for classification development.

The *Mental Health Costing Study* commissioned by IHPA will involve capturing data from a sample of Australian public hospitals, community mental health services, and at least three private hospitals from 1st July 2014 to 31st December 2014. The study will produce a dataset that includes characteristics of the clients/patients, as well as a measure of the costs of providing mental health services. It will be used as the basis for developing a new classification system. This will then be used to further activity based funding implementation.

2. The Discussion Paper¹

The *Mental Health Costing Study Discussion Paper for Consultation* describes:

- The study design and the approach, including the approach to sampling and the selection of study sites.
- The scope of services to be included in a study site, including:
 - Consideration of the collection of data relating to mental health patients/clients whose episodes are "wholly" within non-mental health services
 - Approach to counting and costing Consultation Liaison services.

¹ For the Discussion Paper, see:

[http://www.ihpa.gov.au/internet/ihpa/publishing.nsf/Content/56BAB2D404C2DEE9CA257CCC0000C377/\\$File/mental-health-costing-study-discussion-paper-consultation.pdf](http://www.ihpa.gov.au/internet/ihpa/publishing.nsf/Content/56BAB2D404C2DEE9CA257CCC0000C377/$File/mental-health-costing-study-discussion-paper-consultation.pdf)

- Data collection and management arrangements for the study
- Proposed new definitions and the use of existing definitions for the study
- Proposed data request specification for health services participating in the study
- The costing methodology that will be used to cost mental health patient episodes in the admitted setting, and mental health service contacts in the non-admitted setting. This includes:
 - Discussion of the applicability of the Australian Hospital Patient Costing Standards to community based health services
 - Whether health services providing both mental health and non-mental health services should be required to fully cost (ie down to patient level) all non-mental health services
 - Allocation of overhead costs
 - Fractioning costs to product categories, such as teaching and training, and research costs
 - Allocation of costs to patients/clients
 - Consideration of the provision of capital costs as part of the mental health costing study.

3. VHA Submission

IHPA is calling for submissions to the discussion paper by Friday 30th May 2014.

The VHA is preparing a submission in response to this discussion paper.

We would be interested to receive input from VHA's members on any of the points raised in the paper, and particularly on points related to the study itself (including selection of sites), and the proposed data definitions and costing methodology.

If you wish to provide input to the submission, please email Gaye Britt at gaye.britt@vha.org.au by **COB Wednesday 21st May**.

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