

30 January 2025

Australian Government Department of Health and Aged Care

Submitted via Consultation Hub

Dear Australian Government Department of Health and Aged Care

Re: Review of Primary Health Network Business Model and Mental Health Flexible Funding Model

The Royal Australian and New Zealand College of Psychiatrists (RANZCP) welcomes the opportunity to provide input into the Review of Primary Health Network (PHN) Business Model and Mental Health Flexible Funding Model ('Review'). The RANZCP is the principal organisation representing the medical specialty of psychiatry in Australia and New Zealand and is responsible for training, educating and representing psychiatrists on policy issues.

In November 2023, the RANZCP delivered a [submission to the Australian National Audit Office](#) (ANAO)'s audit of the effectiveness of the Department of Health and Aged Care's (DoHAC's) performance management of the PHN program. The RANZCP's position on the opportunities to improve PHN Business Models are outlined in this submission. The RANZCP welcomes the [Auditors General's report](#) of this audit, released in February 2024, as well as DoHAC's acceptance of the recommendations and commitment to addressing the issues raised.

Our advice regarding PHNs is informed by RANZCP [Position statement 37: Principles for mental health systems](#). We emphasise the need for mental health services to be evidence-based, integrated, and comprehensively evaluated for quality improvement. The RANZCP acknowledges the valuable role of PHNs in the delivery of mental health services and agree that improvements are required to deliver goals of efficiency, effectiveness, coordination, accessibility and quality. We recommend an adequately funded model that enables and supports improved strategic planning, enhanced outcome reporting systems, improved service integration, and promotes greater cooperation and collaboration between PHNs to enhance overall program effectiveness.

The RANZCP response to this consultation relates to the Mental Health Flexible Funding Stream (MHFFS). The MHFFS enables PHNs to commission tailored, regionally appropriate mental health services that address the unique needs of their local communities. The MHFFS is intended to support a stepped-care approach, emphasising flexibility for delivering services across a continuum, ensuring that all stages of mental health needs are addressed effectively. The RANZCP raises the following points for consideration.

Insufficient mental health service provision

Lack of access to mental health service remains a major barrier to delivering high quality mental health care, as identified in the [RANZCP 2025-26 Pre-Budget Submission](#). PHNs may offer a range of services but these are often unable to adequately meet the needs of the local population. This is reportedly due to lack of resources to identify and accommodate the

demand, or poor integration with existing services whereby the local community and clinicians are unaware of the options available.

PHNs are additionally responsible for ensuring access to treatment, care and support for underserved groups, including people who experience financial disadvantage. Commonly commissioned services delivered directly by PHNs include digital and low-intensity services, and psychological therapy. Unfortunately, these services reportedly endure extensive waiting lists, strict access criteria or other means of rationing, further reducing timely access or the number of people who benefit.

Community mental health services and service integration

The RANZCP recognises the vital role of community mental health services (CMHS) in supporting Australians in their local communities. This includes individuals with complex and enduring mental health needs that require specialist interventions unavailable in standard primary care settings. Often psychiatrist led, CMHS's bridge gaps through delivery of specialist care and support together with clinical treatments. This includes for individuals who fall into the 'Missing Middle' — those with moderate to severe mental illness not suited for inpatient care that benefit most through delivery of services within their local community.

A variety of evidence-based treatment, care and support options must be available through inpatient and community services. It is essential that these approaches are incorporated into the stepped-care model and coordinated with multidisciplinary psychosocial support services as well as social interventions such as adequate housing. We further recommend that the federal government works closely with states and territories, leveraging policy, strategy, and assured funding models to increase the capacity and capabilities of CMHS across Australian communities.

Adequate resources are essential to enhance specialist services, address the complexities associated with mental health issues, mitigate suicidality risk, and lessen the burden on the health system and economy. The role of PHNs in CMHS must be considered as part of any future funding model. This includes need for an improved focus on integrating mental health services with alcohol and drug services, suicide prevention services, and social and emotional wellbeing services.

Workforce

[Equitable access](#) to a specialist mental health workforce, including psychiatrists, is essential. The specialist workforce possess the required capabilities for the delivery of comprehensive treatment, care, and support tailored to the communities' mental health requirements. The need for an increased psychiatry workforce is well documented in the RANZCP 2025-26 Pre-Budget Submission. The RANZCP further supports the need for an increased mental health nurse (MHN) workforce.

In 2016-17, the MHN Incentive Program (MHNIP) funding was transitioned to the MHFFS. This transition has impacted private psychiatrists' ability to directly access the program to employ mental health nurses. A modernised adaptation of this block funding service would assist in returning workforce availability to previous levels. Notable also is that the MHNIP was repeatedly evaluated as a cost-effective and consumer-focused approach which had positive implications for people with severe and persistent mental illness.[1] A qualitative study also identified MHN psychotherapists as a valuable resource for individuals accessing both tertiary and primary healthcare. The study further highlighted that equitable access to

currently active funding streams are required to ensure improved access to specialist services for complex and high-risk groups.[2]

If you have any questions or wish to discuss further, please contact Nicola Wright, Executive Manager, Policy, Practice and Research via policy@ranzcp.org or by phone on (03) 9236 9103.

Yours sincerely



Dr Elizabeth Moore
President

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References

1. Happell B, Platania-Phung C. Review and analysis of the mental health nurse incentive program. *Australian Health Review*. 2019 Feb 18;43(1):111-9.
2. Hurley J, Lakeman R, Cashin A, Ryan T. Mental health nurse psychotherapists are well situated to improve service shortfalls in Australia: findings from a qualitative study. *Australasian Psychiatry*. 2020 Jun 8:1039856220924326.