

### The case for investing in a National Psychosocial Support Program

One in four of us will experience a period of being mentally unwell in our lifetime.

Some people also experience disabilities arising from their mental health issues – known as **psychosocial disabilities** – and **need psychosocial supports to live well**.

Each year, around 700,000 Australians living with complex mental health conditions require psychosocial supports to live well and connect as contributing members of their community. From this group, around 300,000 people will experience the most severe mental health conditions with additional complexities. The NDIS is projected to support 64,000 people in this group and only 75,000 people are currently being supported by existing Commonwealth and State/Territory mental health programs.

**More than 150,000 people** in Australia who need support in the community to manage their psychosocial disabilities **are currently missing out on mental health services**. We refer to this as **the gap in psychosocial supports**. Missing out on support early on means that people are more likely to experience mental health crises, be admitted to hospital, and experience enduring illness and disability. This is expensive and often preventable.

The latest projections are that the **NDIS will need to support approximately 90,000 people with psychosocial disability by 2034**. This is **projected to cost \$10.6 billion per year**. An alternative, more cost-effective solution is to **invest in a national program of psychosocial supports that sits outside of the NDIS**. The NDIS and the National Psychosocial Support Program could offer complementary supports to the 300,000 people with severe mental health conditions and lead to significant savings to the Commonwealth Government through reduced expenditure in the NDIS. This approach would also result in significant savings to State and Territory Governments through reduced expenditure in hospital and ambulance services, prisons, justice, child safety and employment benefits.

#### What we are asking for:

1. One-off funding of \$300,000 for an alliance of mental health organisations to work collaboratively with governments to support the mapping of unmet need, service design for the National Psychosocial Support Program and develop the business case to demonstrate return on investment.
2. An initial investment of \$610 million per year, scaled up to \$1.3 billion over five years, to co-design and implement a National Psychosocial Support Program to address the gap in psychosocial supports for people living with complex mental health conditions.

**Investing in a National Psychosocial Support Program will lead to savings in the NDIS**. This is projected to **save \$15.2 billion between 2024 to 2034, then \$2.7 billion in 2034**, increasing each year from then.

### The gap in psychosocial supports is an urgent problem to be addressed

The Productivity Commission Inquiry into Mental Health in Australia (2020) confirmed that at least 154,000 people with severe and complex mental illness are missing out on the psychosocial supports in the community they need to enable them to live well and independently. Without adequate psychosocial supports, people with severe and complex mental illness will continue to experience:

- **Shorter lives** – on average, people with severe mental illness die up to 23 years earlier than the general population.
- **Attempts to take their own lives** – approximately 50% of people with the most severe mental illness attempt suicide, compared to 3.7% of the general population.
- **Poorer outcomes** – relationship breakdowns, loss of employment, homelessness, marginalisation and stigma, long stays in hospital, increased dependence on income support, loss of educational opportunities, and intersections with police and the justice system.

If people do not receive the psychosocial support they need early in illness, there is **an increased likelihood of prolonged distress and lifelong disability**. This leads to greater long-term costs to the health system, increased dependence on social services, and increased risk of unemployment and homelessness, and increased intersections with police, justice and corrections. Conversely, **when support is provided early and consistently, there is a greater likelihood that people will experience mental health recovery, costs will be reduced over time, and there is a reduced risk of enduring illness and disability**. With the right psychosocial support, people with serious and complex mental illness can recover their place in their community, and live contributing lives.

Psychosocial supports are effective in reducing reliance on emergency department care and other hospital-based care, with evaluations showing a **39% reduction in hospitalisation rates** for mental ill-health and a **16% reduction in the average length of hospital stay**. In metropolitan Adelaide, **51.4% of people receiving a psychosocial support program said it helped them avoid hospital admission**. This was even higher in **regional South Australia, with 60.7% of people reporting that psychosocial supports helped them to avoid hospital readmission**. A decrease in admission and readmission rates to hospital and emergency care, resulting in a subsequent reduction in the demand for more expensive hospital interventions, will result in cost savings to governments.

Psychosocial supports also enable people living with mental illness to participate in the labour market. Based on previous research, **psychosocial supports have an aggregate effect of increasing labour market income by between \$79 million to \$177 million**, which equates to an increase in Quality of Life Years of between 4,912 and 8,903 years.

### A national program of psychosocial supports

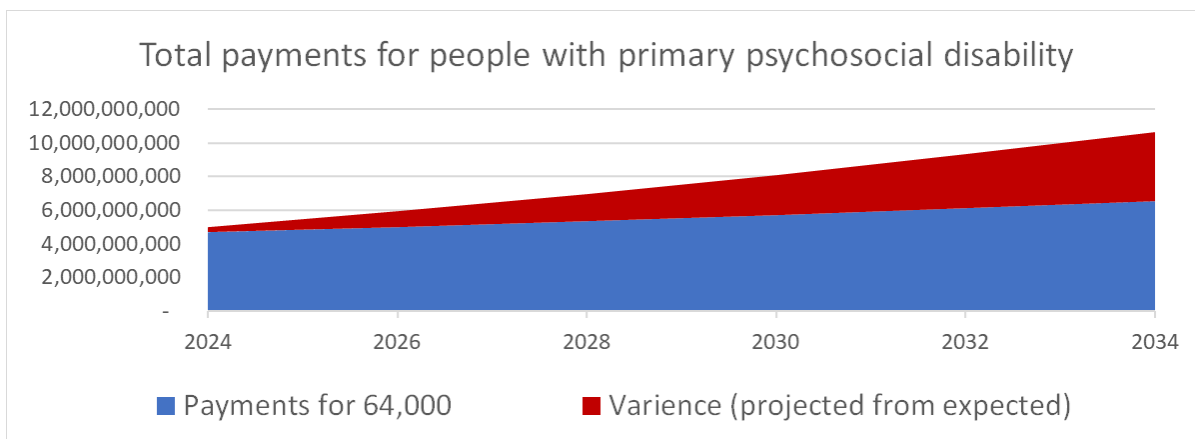
The solution to addressing the gap in psychosocial supports is the development and implementation of a national program of psychosocial supports to support people with complex mental health conditions. We propose that a National Psychosocial Support Program is designed for purpose and stands alone (not an adjunct to the NDIS or ‘state clients’). The program would provide community-based supports that are person-led, recovery-oriented, trauma-informed, culturally responsive, and inclusive of family and carer support. This program would need to be co-designed with people with lived experience, their families and carers, and the sector in partnership with government.

The Productivity Commission estimates that expanding the provision of psychosocial supports to the 154,000 people who are currently missing out on these services would **cost an additional \$610 million per year on average** (2019 dollars). Existing funding allocations for the Commonwealth Psychosocial Support Program through Primary Health Networks are approximately \$100 million per year. This equates to a total initial investment of approximately \$710 million per year.

#### Cost savings in the NDIS

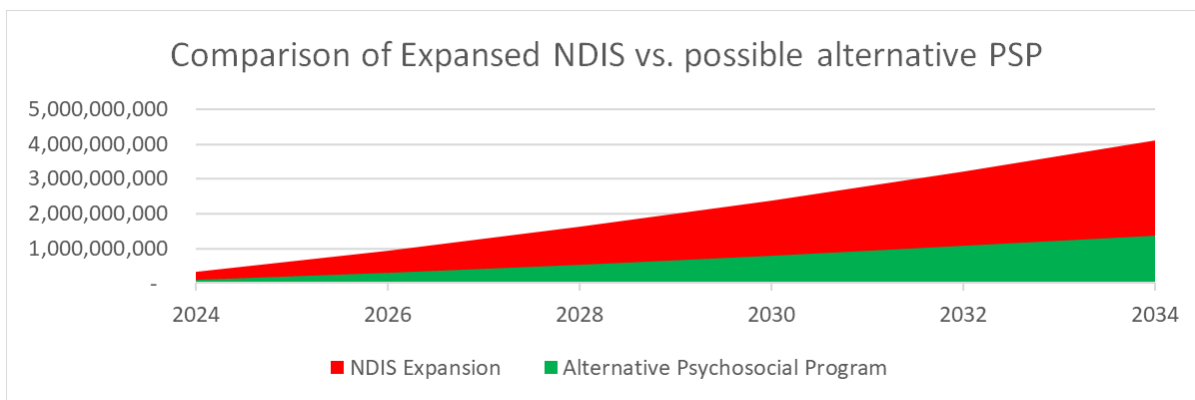
**The National Psychosocial Support Program can relieve pressure on the NDIS**, which is expected to support more than 90,000 people with primary psychosocial disability by the end of 2030. The NDIA has projected that the average annual payment will be \$89,160 per person. The total payment variance between the original projection of 64,000 people and the revised projection for the 10-year period 2024 to 2034 are set out in the table and graph below.

	2024	2026	2028	2030	2032	2034	Totals
Average annual Payments	\$72,954	\$77,999	\$83,393	\$89,160	\$95,326	\$101,919	
Expected max participants	64,000	64,000	64,000	64,000	64,000	64,000	
Projected no. participants	68,382	76,091	83,521	90,674	97,549	104,147	
Total Payments (for 64,000)	\$4.669B	\$4.991B	\$5.337B	\$5.706B	\$6.100B	\$6.522B	\$61.044B
Projected Total Payments	\$4.988B	\$5.935B	\$6.965B	\$8.084B	\$9.299B	\$10.614B	\$83.914B
Variance	<b>\$319M</b>	<b>\$943M</b>	<b>\$1.627B</b>	<b>\$2.378B</b>	<b>\$3.198B</b>	<b>\$4.091B</b>	<b>\$22.869B</b>



For comparison, the following table and graph compare the financial differences between continuing to expand the number of people in the NDIS with psychosocial disability with an alternative program outside the NDIS. There are two working assumptions: (a) that the annual cost per person per annum is one third that of the NDIS (more likely to be considerably less) and (b) it would take two years to establish the program, so the 10-year comparison period is for 2024 to 2034 (analysis provided by Community Mental Health Australia, 2022).

COMPARISON	2024	2026	2028	2030	2032	2034	Totals
<b>NDIS Expansion</b>	\$319M	\$943M	\$1.627B	\$2.378B	\$3.198B	\$4.091B	<b>\$22.869B</b>
<b>Alternative</b>	\$106M	\$314M	\$542	\$792	\$1.066	\$1.363.	<b>\$7.623B</b>
<b>Difference</b>	\$213M	629M	1.085B	1.586B	2.132B	2.728B	<b>15.246B</b>



As projected annual costs climb for the NDIS, it is timely to consider the delivery of an alternative program of community psychosocial supports that is cost-effective, sustainable, flexible, recovery-focussed, easy to access, and better suited to meet the needs of people living with complex mental health conditions.

With a National Psychosocial Support Program in place, more expensive interventions such as hospital and primary care, police, prisons, housing and ambulance services will reduce, leading to cost savings in these areas.

### Funding to develop the business case for a national program

We are also asking for one-off funding of \$300,000 for an alliance of mental health organisations – the National Psychosocial Support Advocacy Alliance – to work collaboratively with governments to support the mapping of unmet need, service design for the National Psychosocial Support Program and develop the business case to demonstrate return on investment. This is a necessary first step in co-designing a national program and ensuring it is fit for purpose. This will provide important information about the cost benefits of psychosocial supports and the savings that can be achieved across government portfolios, particularly in portfolios that relate to the social determinants of health.

*Please note that all references and additional information can be provided upon request.*

## About MIFA

MIFA is a federation of seven long-standing member organisations, established in 1986. Our members deliver specialist services for individuals living with severe mental ill-health and their carers, friends and families, out of nearly 60 'front doors' in metropolitan and regional areas, to over 20,000 people each year. Our membership has a strong focus on building community, valuing peer support and lived experience, and supporting recovery. We have substantial experience delivering specialist, place-based, community-building programs to those experiencing mental illness, and 60% of our workforce has a lived experience as a consumer or carer.

Our vision is that Australians have the best possible mental health and quality of life. We know from experience that recovery of a better quality of life is possible for everyone affected by mental illness. We work with individuals and families in their journey to recover mental health, physical health, social connectedness and equal opportunity in all aspects of life. MIFA's core strength lies in amplifying the voice of people affected by severe mental illness, their families and friends. We advocate for positive changes in all areas of social and public policy that impact on the quality of life of people with lived experience of mental illness. We create collaborative projects and communities of practice that support our MIFA member organisations.

MIFA's member organisations operating across Australia are Mental Health Foundation ACT, Mental Illness Fellowship Australia (NT), Mental Illness Fellowship of WA, One Door Mental Health, selectability and Skylight Mental Health.

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