

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**.

Psychosocial supports are services that respond to significant mental health issues and help people to address the social, relational, and environmental factors in their lives that have a significant impact on their mental health and wellbeing. Psychosocial supports help people to participate in the community, achieve their goals, and focus on their recovery. Psychosocial support services help people to build skills to manage their mental illness, develop social skills and friendships, build relationships with family, build capacity in managing day-to-day activities, manage money, find and look after a home, address drug and alcohol use issues, and increase educational, vocational and training skills.

The [Productivity Commission Report \(2020\)](#) confirmed that 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 currently supports just over 63,000 people (primary psychosocial disability cohort) and only 75,000 people are being supported by existing Commonwealth and State/Territory mental health programs. Since the Productivity Commission Report, Health Ministers signed the [National Mental Health and Suicide Prevention Agreement and associated Bilateral Agreements](#). Psychosocial support was not listed as a specific area of investment. Ministers agreed to continue current funding commitments and determine the level of unmet need through a national Unmet Needs Assessment conducted by the Psychosocial Project Group, which is due for completion in March 2024.

The NDIS Review Report recommends [expanded psychosocial supports outside of the NDIS](#) to support personal recovery for people who experience psychosocial disability and to better connect the NDIS with the wider ecosystem. The [latest projections](#) were that the **NDIS may support close to 90,000 people with psychosocial disability by 2034**. This is **projected to cost \$10.6 billion per year**. A complementary 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 integrated and coordinated supports to the 300,000 people with severe mental health conditions and lead to significant savings to the Commonwealth through reduced reliance on the NDIS as the only oasis in the desert. This approach would also result in significant savings to State and Territory Governments through reduced expenditure in hospital and ambulance services, employment benefits, homelessness, prisons, justice, and child safety services.

More than 150,000 people in Australia who need support in the community to manage their psychosocial disabilities **are currently missing out on psychosocial 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.

What MIFA is asking for:

1. The Commonwealth to include new funding for its share of new psychosocial support programs that are directly related to the Psychosocial Project Group Unmet Needs Assessment (to be released in March 2024) in the 2024-2025 Federal Budget and in the Forward Estimates. This can be achieved by **commencing modest investment in new psychosocial support program funding in five regions across Australia** as part of the 2024-2025 Federal Budget.
2. The Commonwealth to secure guaranteed Commonwealth and State/Territory funding for existing psychosocial support programs through new bilateral agreements under the National Plan for Mental Health and Suicide Prevention with **five-year funding commitments**.
3. Beyond 2024-2025, **scale up investment to a minimum of \$610 million per year 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, under a cost-shared agreement for foundational supports reflected in bilateral agreements between the Commonwealth and the States and Territories.

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 and costly problem to be addressed

The [Productivity Commission Inquiry into Mental Health in Australia](#) 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. The Psychosocial Project Group Unmet Needs Assessment is expected to demonstrate a higher level of unmet need, if the results of the South Australian assessment are replicated. The [National Study of Mental Health and Wellbeing](#) confirmed that people are experiencing heightened psychological distress since the COVID-19 pandemic, particularly our younger Australians aged 25 years and below, so we can expect this gap to continue growing without targeted intervention by Governments.

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 interactions with police and the justice system.

If people do not receive the psychosocial support they need early in ill-health, 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 interactions 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.

The solution – a National Psychosocial Support Program

We propose that a National Psychosocial Support Program is designed and implemented to provide community-based psychosocial supports that are person-led, recovery-oriented, trauma-informed, culturally responsive, and inclusive of

family and carer support, to support people with complex mental health conditions. This program would need to be co-designed with people with lived experience, their families and carers, and the sector in partnership with government.

As a first step, we propose that the Commonwealth includes new funding for its share of new psychosocial support programs that are directly related to the [Psychosocial Project Group](#) Unmet Needs Assessment (to be released in March 2024) in the 2024-2025 Federal Budget and in the Forward Estimates. This can be achieved by **commencing modest investment in new psychosocial support program funding in five regions across Australia** as part of the 2024-2025 Federal Budget.

- We propose five regions as there are existing mapping tools and data that can be used now to provide sufficient confidence about the demand for psychosocial supports in selected regions. We note the work of the [Mental Health Policy Unit](#), who have already undertaken extensive project work in mapping need across multiple communities and Primary Health Network regions.
- In these selected regions, regional stakeholders can collaborate to understand the available resources and services, existing stakeholder networks and current service gaps. Additional funding can be provided by the Commonwealth to these local areas via existing commissioning agencies. This will enable selected regions to commence service delivery in the 2024-2025 financial year, based on existing regional community data and relationships. Each region's population data can be used to extrapolate the appropriate share of the 154,000 people. Additional investment can be incrementally increased as the Unmet Needs Assessment for psychosocial supports is refined in each jurisdiction.

Secondly, we propose that the Commonwealth secures guaranteed Commonwealth and State/Territory funding for existing psychosocial support programs through new bilateral agreements under the National Plan for Mental Health and Suicide Prevention with **five-year funding commitments**. Given the substantial gap that already exists, it is critical that current psychosocial support funding is identified, and funding arrangements strengthened, to provide confidence to people with lived experience and service providers that programs will be secured now and for future generations.

Lastly, beyond 2024-2025, we propose that **investment is scaled up to a minimum of \$610 million per year 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, under a **cost-shared agreement for foundational supports** reflected in bilateral agreements between the Commonwealth and the States and Territories.

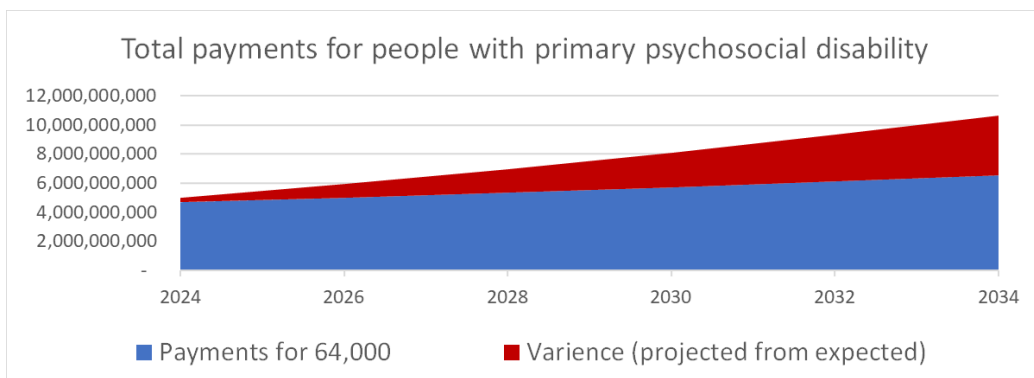
- The Productivity Commission estimates that expanding the provision of psychosocial supports to the 154,000 people who are currently missing out on these services would **cost an additional \$610 million per year on average** (2019 dollars). This is an additional cost over and above the existing Commonwealth and State/Territory investments in psychosocial support. This is a good benchmark for commencing investment.
- Planning and investment will need to be refined once the Unmet Needs Analysis has been completed in March 2024 and foundational supports within the NDIS evolve. However, enough data is available now to commence investment in this area of urgent need in the 2024-2025 Federal Budget.
- Scaling up this program will require collaboration with MIFA, our sector partners, and people with lived experience to co-design a national program of psychosocial supports, and a commitment to ongoing funding and development of the program.

Given the recommendation of the NDIS Review for expanded psychosocial supports outside of 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 and ambulance services will reduce, leading to cost savings in these areas. Working with people early on to build capacity and support recovery reduces the risk of enduring illness and disability, so people will be less likely to need assistance through the NDIS as a last resort.

Cost savings in the NDIS

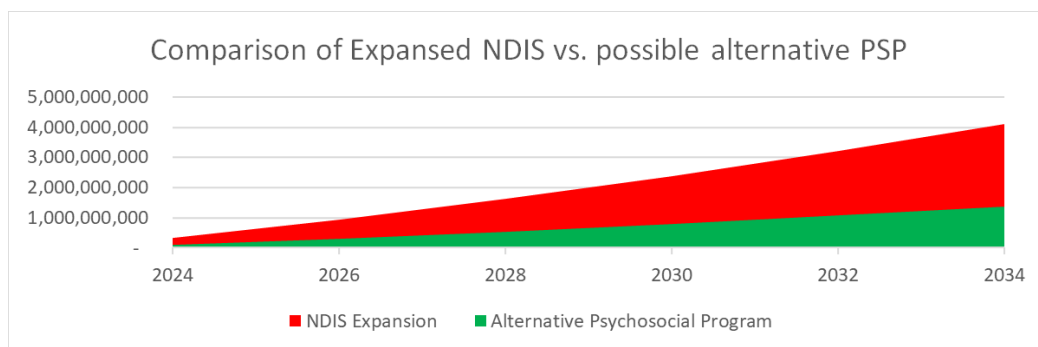
The National Psychosocial Support Program can relieve pressure on the NDIS. The NDIA has projected that the average annual payment will be \$89,160 per person. The total payment variance between the original projection of 64,000 people and the revised projection for the 10-year period 2024 to 2034 are 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	\$319M	\$943M	\$1.627B	\$2.378B	\$3.198B	\$4.091B	\$22.869B



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
NDIS Expansion	\$319M	\$943M	\$1.627B	\$2.378B	\$3.198B	\$4.091B	\$22.869B
Alternative	\$106M	\$314M	\$542	\$792	\$1.066	\$1.363.	\$7.623B
Difference	\$213M	629M	1.085B	1.586B	2.132B	2.728B	15.246B



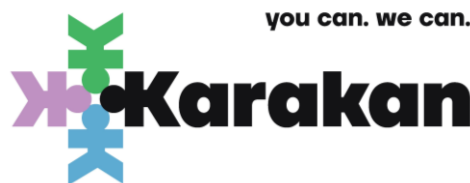
Please note that all references and additional information can be provided upon request.

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, Karakan, One Door Mental Health, selectability and Skylight Mental Health.



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