

Social Impact Investment – managing mental health hospitalisations

October 2015

Agenda

10:00 – 10:15 – Welcome, introductions and overview of the Social Impact Investment Policy
Tony Stephenson, O’Connell Advisory

10:15 – 10:45 – Managing mental health hospitalisations
Elizabeth Koff, NSW Ministry of Health

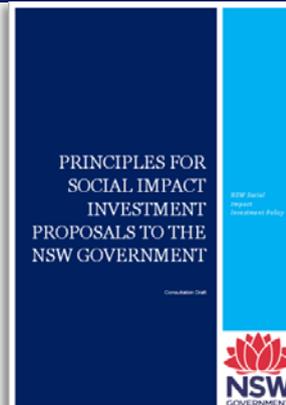
10:45 – 11:00 – Proposals, examples and timeframes
Greg Anderson, O’Connell Advisory

11:00 – 12:00 – Questions and discussion

Purpose of this session

- Provide information on managing mental health hospitalisations to help preparations for a formal Request for Proposals (RFP)
- Brief the market on the requirements, process and anticipated timeframes of the RFP
- Receive feedback and suggestions to understand how we can support the market to respond

Useful reading:



What is social impact investment?

An emerging pay-by-success approach to tackling social challenges that brings together capital and expertise from across the public, private and not-for-profit sectors.

Potential to...

- Deliver better services
 - enhancing seamless delivery of services to patients
- Build strong and effective partnerships
 - stronger engagement of public & private sector in collaborative financing & delivery of health services
- Achieve better value for NSW taxpayers

by...

- Quantifying and measuring outcomes
- Co-designing and nurturing innovation
- Sharing risks and benefits of service delivery
- Leveraging public investments in achieving the aims of truly integrating care

Principles of social impact investment

- Robust measurement
- Value for money
- Social benefit
- Appropriate sharing of risks and returns
- Focus on high priority social problems

Characteristics of effective pay for success health programs

- Significant unmet needs with clear target population
- Interventions that clearly work in short to medium term
- Credible data usually also with a comparator group
- Quantifiable savings for Government in 1 to 2 service areas
- Sophisticated providers monitoring/managing outcomes
- Demonstrable cash savings for Government
- Third party evaluator to trigger success payments

Social impact investment in NSW

Managed by Office of Social Impact Investment

Treasury/Department of Premier and Cabinet

Current Social Impact Bonds

- Newpin – restoring children to their families
- Benevolent Society – keeping children with their families

First Request for Proposals (RFP)

- Focus on recidivism and vulnerable young people
- Closed 26 July 2015

Second RFP

- Focus on managing chronic health conditions and managing mental health hospitalisations (but open to other areas)
- Expected to be released late 2015 or early 2016
- Market sounding will include 1:1 communications



Health

Managing mental health hospitalisations

Elizabeth Koff
Deputy Secretary,
Strategy and Resources

A dynamic model to shift the balance into community-based support

Community Network & Support

Agency Support Services

Specialist Clinical Services

EDUCATION & COMM.

Learning & support services
Counselling services
Wellbeing services
Child wellbeing & protection services
Networked Specialist Centres

FACS

Housing
Community Services
NDIS

JUSTICE

Residential rehabilitation
Psychosocial support
Daily living skills
Vocational support
Drug & alcohol support
Fitness & leisure

Corrective Services
Courts - Diversion

NSW HEALTH

Community Forensic MH Teams
Community Mental Health Teams
24 hour crises & triage
Assertive Outreach
Continuing Care
Co-morbid Services
CAMHS
Youth MH
Whole Family Teams
Drug & Alcohol Treatment Services

Step up/step down (NGO/LHD)

Inpatient Units
Forensic MH Hospital
Acute Care
Psychogeriatric
Child & Adolescent
Psychiatric emergency services

Family Friends
Faith-based organisations
Community groups
Social & sporting groups
Advocacy & self help groups
Social media
Peer support

PRIMARY CARE

GP
Better Access Program
Dental
Psychology

PRIVATE PSYCHIATRIC SERVICES

Psychiatrists
Private Hospitals



Person with mental health issues

Consumer

Patient

Potential cohort

- More than **4,000 patients*** (aged **18 years or older**) receiving treatment in an acute or sub-acute setting for a mental health condition were admitted for 28 days or longer in one or more episode in 2012/13.
- The potential cohort of over 4,000 patients accounted for **48 per cent*** of the total mental health acute or sub-acute service cost.
- The target population is people with severe mental illness aged 16 years and over (until age related frailty is determined)
- Additionally, the target population experience disability or impairment that impacts on their daily functioning, with this disability or impairment primarily stemming from their mental health diagnosis.

* Data Source: ABF Portal, NSW Health, as reported in Social Impact Investment Statement of Opportunities, February 2015

Current hospital avoidance programs

Around 1,300 people with severe mental illness currently receive day to day support to live in the community through various Housing and Accommodation Support Initiative (HASI) packages.

Challenges include:

- The current HASI and HASI Plus programs do not meet demand for people with severe mental illness who could be better supported to live well in the community and avoid unnecessary and lengthy hospital admissions.
- There are currently limited step up and step down models of care to ensure effective pathways from specialist inpatient hospital rehabilitation into broader community-based recovery support services.

Community-based care: a possible focus for social impact investment

There is international acceptance of community care models for those with mental illness.

People with enduring and severe mental illness experience better quality of life and improved social outcomes if they can maintain living in the community.

Elements shown to be effective in a supportive mental health model in NSW include:

- providing people with mental illness ongoing clinical mental health services and rehabilitation within a recovery framework
- assisting people with mental illness to participate in community life and to improve their quality of life
- appropriate patient identification and selection.

Further information

Strengthening mental health care in NSW

A once in a generation overhaul of mental health care service delivery.

The NSW Government has committed to a once in a generation overhaul of mental health care service delivery, with a \$115 million boost to mental health funding over three years.

A key commitment of the Government is improving the wellbeing of the community and ensuring better outcomes for people with mental illness, their families and carers. Already there has been record spending on mental health. New and expanded services have been developed with investment in much needed infrastructure.

Under the Government commitment there will be a major focus on enhancing services in the community. Inpatient acute mental health services will also be supported and grow in line with community needs.

A key Government priority was establishment of the First Mental Health Commission of NSW.

Tasked with developing a strategic plan, the Commission embarked on two years of consultation and research with contributions from over 2100 consumers, clients, health professionals and community members through forums and workshops. The final Commission document *Living Well, A Strategic Plan for Mental Health in NSW 2014-2024* provides a ten year roadmap for strengthening mental health care in NSW.

The additional \$115 million investment over three years will support implementation of the roadmap with Government action focussed on five key areas.

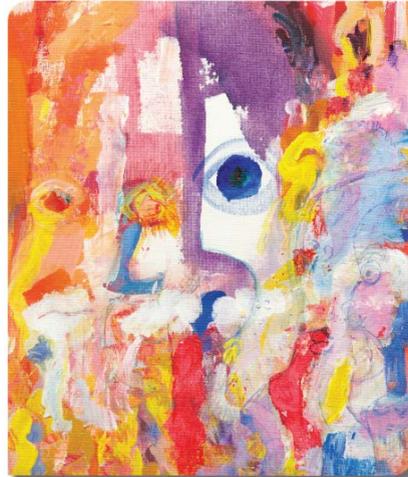
Strengthening mental health care in NSW over the next ten years will mean:

- More support for staying well and at home as community mental health services are enhanced, and unnecessary hospital stays reduced
 - More people with mental illness and disorders able to access care
 - Services oriented around individual patients, carers and families to help people live better lives in the community or other care settings
 - Mental health services that provide a better balance of acute care and community-based services.
 - A focus on high quality acute and long-stay care to ensure people with complex needs are supported through targeted and specialised services.
- The Government will work in partnership with the community-managed and private sectors to ensure that all programs and services will be better integrated.

www.health.nsw.gov.au

LIVING WELL

A STRATEGIC PLAN FOR MENTAL HEALTH IN NSW 2014 – 2024



LIVING WELL

PUTTING PEOPLE AT THE CENTRE OF MENTAL HEALTH REFORM IN NSW: A REPORT



OCTOBER 2014



Examples of areas of need

Program	Target Population	Priority area
Aiming for Asthma Improvement	Children and adolescents with asthma	Chronic Conditions
Chronic disease self-management	People with specified chronic illness identified as at rising/high risk of hospitalisation (includes Aboriginal people)	Chronic Conditions
Fracture prevention	People (often women aged >50) with minimal trauma fracture identified in Emergency	Chronic Conditions
Home tele-monitoring	Patients with Chronic Heart Failure living at home	Chronic Conditions
Step-down mental health service with accommodation and wrap-around supports	Adults with severe and persistent mental illness requiring 24/7 care & support in short to medium term. May be inpatients or in forensic facilities transition to community	Mental health
Post-hospital rehabilitation (eg. cardiac, pulmonary)	Aboriginal people with chronic disease	Chronic conditions

Proposals, examples and timeframes

Greg Anderson
O'Connell Advisory



Health

Potential patient outcomes and payment measures



Better patient experience



Improved health outcomes

- Reduced severity and frequency of illness episodes
- Increased stable and permanent housing in the community
- Increased capacity to manage their condition (behaviour change)
- Fewer readmissions to MH facilities
- Reduced ED presentations
- Reduced length of hospital/MH facility stay
- Improved results in functional assessments
- Reduced contact with the criminal justice system
- Increased independence
- Increased employment

Design considerations

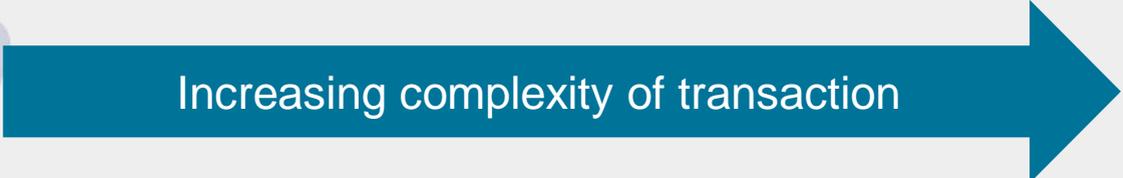
- Nature of intervention
- Program logic/strong evidence base
- Identification/selection/risk stratification - a clear cohort
- Proof of success:
 - Control/comparator group?
 - Case control?
 - Randomised clinical trial?
- Output/outcome measurements
- Costs/benefits
- Innovative solutions
- Risk sharing

Complexity will not suit Pay For Success

Pay For Success in Health must deliver measurable benefits that demonstrate value for money relative to public delivery of services.

Nature of benefit	cash savings	avoided costs	productivity gains	other
Beneficiaries	a single govt agency	multiple govt agencies	other govts	individuals & communities
Timing of benefits	immediately	months	years	decades

Increasing complexity of transaction



Appropriate sharing of risks and returns

The balance of sharing risks and returns between investors, service providers and Government is sufficient to attract investors, as well as ensure value for money to the public.

Proposals should outline:

- the risk-return profile for each participant
- the level of return to investors under different performance scenarios
- how the proposed risk-return profile compares to similar products in the market

The Government will consider providing a standing charge to create a more attractive risk profile for investors – up to 50% of the service delivery costs.

Joint Development Phase

- Expected to take approximately six months
- Further exchange of data
- Development of key performance indicators and corresponding Government payments
- Development of financial instruments and service arrangements
- Support provided by the Office of Social Impact Investment

Mental health wrap-around program – indicative cash flow

- 300 participants, \$30K establishment cost/person, \$13K cost/participant/yr
- 13% reduction in ED presentations, 79% reduction in mental health admissions 72% reduction in physical health admissions¹
- 10% of success retained by NSW Government

\$m	Year							Total
	1	2	3	4	5	6	7	
Program costs	-\$11.2	-\$4.1	-\$4.2	-\$4.3	-\$4.5	-\$4.6	-\$4.7	-\$37.5
90% of success paid by Health	\$3.4	\$6.5	\$6.6	\$6.8	\$7.0	\$7.3	\$7.5	\$45.1
Total income	\$3.4	\$6.5	\$6.6	\$6.8	\$7.0	\$7.3	\$7.5	\$45.1
Net result for provider	-\$7.7	\$2.4	\$2.4	\$2.5	\$2.6	\$2.7	\$2.8	\$7.6
Cumulative cash position	-\$7.7	-\$5.4	-\$2.9	-\$0.4	\$2.2	\$4.9	\$7.6	
							Margin:	20%

¹ SA HASP Evaluation

Investor funding of \$7.7m needed



Health

Osteoporosis Re-fracture Prevention Program – indicative cash flow

- 22,848 participants enrolled (50% of primary fractures), \$200/participant/yr
- 69% reduction in re-fractures¹
- 50% of success retained by NSW Government

\$m	Year							Total
	1	2	3	4	5	6	7	
Program costs	-\$4.6	-\$4.8	-\$4.9	-\$5.1	-\$5.2	-\$5.4	-\$5.5	-\$35.6
50% of success paid by Health	\$0.7	\$2.5	\$5.3	\$7.8	\$8.6	\$9.2	\$9.9	\$44.0
Total income	\$0.7	\$2.5	\$5.3	\$7.8	\$8.6	\$9.2	\$9.9	\$44.0
Net result for provider	-\$3.9	-\$2.3	\$0.4	\$2.8	\$3.3	\$3.8	\$4.3	\$8.4
Cumulative cash position	-\$3.9	-\$6.2	-\$5.8	-\$3.1	\$0.3	\$4.1	\$8.4	
							Margin:	24%

¹ HNELHD 2010 trial

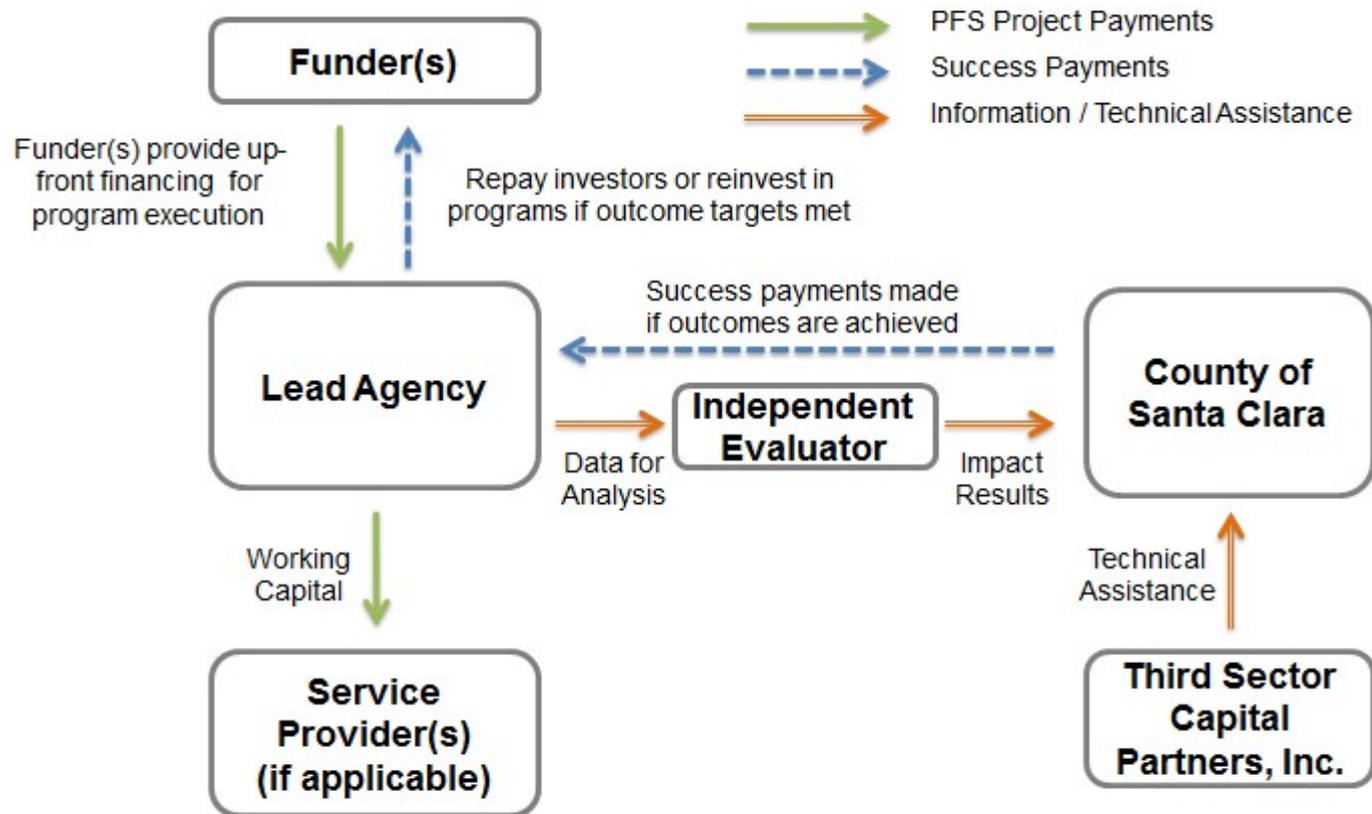
Investor funding of \$6.2m needed

Santa Clara County – mental health case study

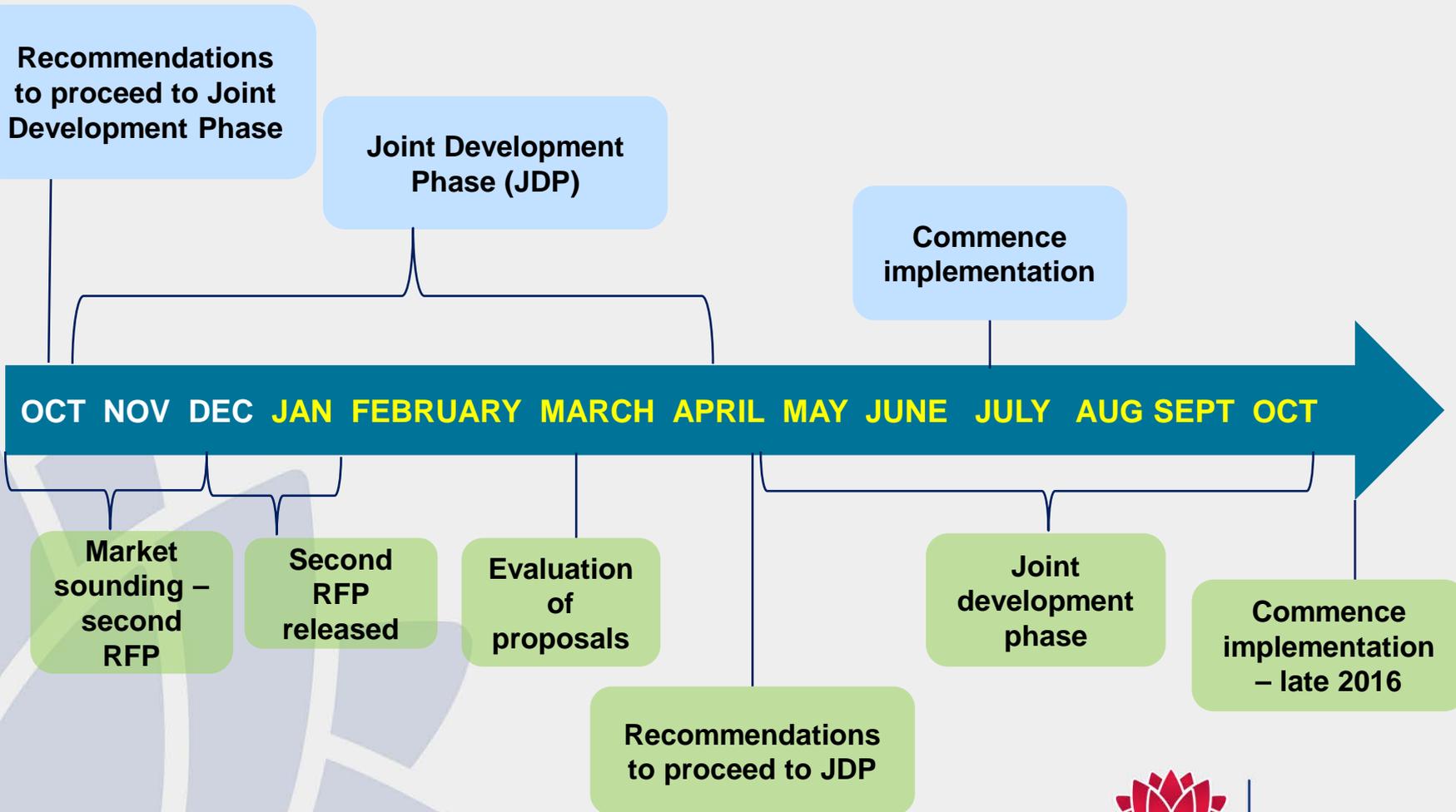
- Program focuses on high users of Emergency Psychiatric Services (EPS) and inpatient psychiatric services
 - Eg the target population in FY13 accounted for 10,000 total bed days in Barbara Arons Pavilion (BAP; psychiatric inpatient facility)
- Program expected to have 40-500 clients at any given time, and no fewer than 250 individuals over 6 years
- Targeted savings of \$5m over 6 years
- Measureable impacts include:
 - Better serve and meet the needs of these clients in the least restrictive setting
 - Avoid costs to the County by reducing bed days purchased from contract psychiatric hospitals
 - Reducing utilization of EPS, and improving the efficiency of bed use in the BAP

Santa Clara County – funding and implementation

Overview on Flow of Funds and Services



Timeframes for 2015-16



Advice on Social Impact Investment – the Office of Social Impact Investment

OSII can:

- provide general information about social impact investing
- provide general information on NSW Government activity and priorities in social impact investing
- provide information on RFP processes, timing and requirements
- facilitate contact with other government agencies and market participants
- consider and facilitate information and data requests.

Contact OSII:

 +61 2 9228 5333
 socialimpactinvestment@dpc.nsw.gov.au
 dpc.nsw.gov.au/sii
 @NSWOSII

Advice on Health and Social Impact Investment

- To arrange a one on one meeting, contact:
 - Christina Summerhayes, A/Assoc Director, Strategic Policy Unit, Ministry of Health: 02 9391 9338 or csumm@doh.health.nsw.gov.au
 - Dani Fried, Senior Policy Officer, Strategic Policy Unit, Ministry of Health: 02 9424 5892 or dfrie@doh.health.nsw.gov.au
- Other contacts:
 - Greg Anderson: greg@oconnelladvisory.com.au or 0419 638 073
 - Helen Favelle: helen@oconnelladvisory.com.au or 0412 203 764

Questions and discussion

References

- Australian Institute of Health and Welfare, 2003 (6 Jun). 'Heart failure...what of the future?', <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=6442453166> , Bulletin Issue 6, visited 8.10.15
- Australian Institute of Health and Welfare, 2010 (Mar). 'The problem of osteoporotic hip fracture in Australia', Bulletin 76, <http://www.aihw.gov.au/WorkArea/DownloadAsset.aspx?id=6442452945> , visited 8.10.15
- Bruce J, McDermott S, Ramia I, Bullen J and Fisher KR , 2012. Evaluation of the Housing and Accommodation Support Initiative (HASI) Final Report, for NSW Health and Housing NSW, Social Policy Research Centre Report, Sydney
- Bureau of Health Information, 2011. 'The Insights Series – Chronic Disease Care:A piece of the picture', http://www.bhi.nsw.gov.au/_data/assets/pdf_file/0019/170434/INSIGHT-SERIES_ChronicDiseaseCare_2011.pdf , visited 8.10.15
- Health Outcomes International, 2013 (1 Aug). Evaluation of the Housing and accommodation support partnership program – Final Report for SA Health, <http://www.sahealth.sa.gov.au/wps/wcm/connect/5ae1b60042ec74a389b9b99d0fd82883/HASP+Final+Report-MHSA-20130801.pdf?MOD=AJPERES> , visited 8.10.15
- Hunter New England Local Health District, 2015. 'Opening the door on osteoporosis', http://www.aci.health.nsw.gov.au/_data/assets/pdf_file/0007/168802/Opening-the-Door-on-Osteoporosis-Evaluation-for-Sustainability.pdf , visited 8.10.15
- IHPA 2012. 'Appendix C: Cost Weights (estimated) for AR-DRG version 6.0x, Round 16 (2011-12)', <http://www.ihpa.gov.au/internet/ihpa/publishing.nsf/content/nhcdc-cost-report-2011-2012-round16-html-appendices-appendix-c> , visited 8.10.15
- Maeng DD, Starr AE, Tomcavage JF, Sciandra J, Salek D, Griffith D, 2014 (Dec). 'Can telemonitoring reduce hospitalization and cost of care? A health plan's experience in managing patients with heart failure', Population Health Management, 17(6):340-4
- Osteoporosis Australia, 2013. 'Osteoporosis costing all Australian A new burden of disease analysis – 2012 to 2022', <http://www.osteoporosis.org.au/sites/default/files/files/Burden%20of%20Disease%20Analysis%202012-2022.pdf> , visited 8.10.15
- Santa Clara County Mental Health Pay For Success <https://www.sccgov.org/sites/opa/nr/Pages/Santa-Clara-County-Selects-Telecare-Corporation-for-Innovative-%E2%80%9CPay-for-Success%E2%80%9D-Project.aspx> , visited 8.10.15