NEW ZEALAND COUNCIL OF TRADE UNIONS
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Budget 2017 mental health funding 'boost' - a cut in real terms

An analysis of mental health funding in the 2017 Budget shows the announced funding 'boost' of $224 million over four years announced by Ministers is largely illusory. In 2017/18, mental health services funded by the Health budget are likely to receive just $18 million extra funding – an increase of approximately 1.2%, which is a cut in real terms.

The analysis estimates a 7.3% funding increase is needed in 2017/18 to maintain current service levels. The 'national quality improvement programme' for mental health, recently launched by the Minister of Health, will therefore be implemented with less funding.[1]

Summary of identified increases in 2017/18

Announcement	2017/18 ($000)	New funding ($000)	Vote	Notes
New cross-government social investment fund	25,000	25,000	Not allocated	Trials which have not yet been identified
MSD trial of integrated employment and mental health services	103	103	Social Development	Adds to existing benefits and services for people with mental health conditions; seems unlikely to get substantially under way in 2017/18
Improve management of prisoners at risk of self-harm and suicide	1,883	1,883	Corrections	Adds to funding of $6,725,000 in 2016/17 initiative on mental health. From following years, funding is reduced to $3,223,000
Rangatahi Suicide Prevention Fund Extension	1,500	-209	Māori Development	Continuation of existing programme "Rangatahi Māori Suicide Prevention" which is estimated to spend $1,709,000 in 2016/17
DHB mental health and addiction services	25,000	25,000	Health	Not a special appropriation or initiative: part of general funding increase, but appears to be at a lower rate of increase than the overall Health vote
National Mental Health Services	3,221	-6,986	Health	$3,221,000 is part of the general funding increase on Budget 2016, but the new budget is a $6,986,000 **reduction** on estimated actual spend in 2016/17
Total for Health		18,014		
Total for other or unknown votes		26,777		

[1] See https://www.hqsc.govt.nz/our-programmes/other-topics/news-and-events/news/2905/

Total in 2017/18

Total allocated to assist Vote Health mental health services over and above general increase in appropriations: $0

General increases: $25m in DHBs (though not tagged as mental health) and $3.2 million in National Mental Health Services. Together these are a 1.9% increase on estimated mental health spending in Vote Health in 2016/17[2]. However, the national mental health services budget is a $7 million *decrease* on actual spending in 2016/17. That takes the total increase back to $18 million – a 1.2% increase.

Total appropriated but not in any Vote – only a "contingency" to "be used to trial early mental health interventions": $25 million. Given that these are trials that are not yet able to be identified, it is questionable as to whether the full $25 million will be used by the end of the financial year and what relief it will give to the health system.

Total appropriated for activities that address mental health in other Votes: $1.777 million.

- One for MSD to help people with mental health conditions into work – but barely starting next year, and augmenting existing benefits and programmes for people with mental health conditions.
- One to help prisons prevent self-harm and suicides among prisoners, continuing a mental health programme that expires in 2017/18, but at reduced funding in future years.
- One to continue to fund agencies to reduce suicide among young Māori, continuing a programme started in 2015/16, but providing reduced funding compared to 2016/17.

Maximum total increase for the Health Vote (if all of the social investment fund trials are in the Health Vote): $43 million – a 3.0% increase on existing mental health funding.

Realistic total: $18 million – a 1.2% increase on mental health funding.

Increase in Mental Health clients in year 2015/16 reported by DHBs to Ministry of Health: 5.8%. Assume conservatively that the increase is 5% in 2017/18.

Increase in prices and wages forecast for 2017/18 by Treasury in 2017 Budget: 1.6% and 2.6%. Wages are 63% of DHB costs so estimated rise in costs: 2.2%

Total needed, just to keep up with demand without improving services: 7.3%.

It is fully acknowledged that the above additions to mental health services which are outside the Health system may well provide benefits and some may relieve some pressure on mental health services within the Health system. However, in all cases, providing such services *are not new* to those other Votes and the funding for them should be measured against their own baselines, not treated as if they contributed to the Health shortfall. They augment services that are outside and additional to the Health system.

More Budget detail is provided in Appendix 2.

[2] If the $1.4 billion stated by Ministers for 2015/16 increased the same as the rest of Vote Health in 2016/17

The effects of a budget cut

Unmet health need in mental health is well acknowledged. Health Minister Jonathan Coleman said recently about 60% of the people who die by suicide in New Zealand each year have not interacted with a mental health or addiction service in the previous 12 months.[3] New Zealand is not alone. A major OECD report on mental illness found mental illness is neglected "in far too many countries". It says estimates suggest up to 60% of those needing treatment don't get it.[4]

The New Zealand Health Survey Update for 2015/16 recorded 7% of adults experiencing psychological distress within the previous four weeks of the survey "indicating a high probability of the person having an anxiety or depressive disorder". The recently released Auditor-General's report on mental health service discharge planning estimates about 20% of the population experience a mental health problem in any one year.[5] Currently, specialist mental health services are covering about 3.6% of the population.

Further, Ministry of Health figures show the growing need for mental health services is far exceeding the growth in resources. The number of unique 'clients seen' by Mental Health and Addiction (MHA) services teams grew by 50% in the years 2008/09 to 2015/16 (Table 1), while funding increased by just 27%, or 16.5 percent in real terms, from $1.1b in 2008/09 to $1.4b in 2015/16, according to the Minister of Health (see Appendix 1).

Table 1: Mental Health and Addiction Service – Number of clients seen

2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	% Increase
111,734	121,196	132,682	139,389	151,374	155,956	158,670	167,840	50.2%

Source: Ministry of Health 2017

Minister says mental health funding increased as follows:		CPI (excl GST increase[6])		In June 2016 dollars
2008/09 2015/16	$1.1 billion $1.4 billion	June-09 Jun-16	1081 1181	$1.2 billion $1.4 billion
Dollar increase 27.3%		Increase in real terms - 16.5%		

[3] See https://www.beehive.govt.nz/speech/social-investment-approach-mental-health

[4] OECD (2014). *Making Mental Health Count: The Social and Economic Costs of Neglecting Mental Health Care*, OECD Health Policy Studies, OECD Publishing. See http://www.oecd.org/health/health-systems/making-mental-health-count-9789264208445-en.htm

[5] Controller and Auditor General. Mental health: Effectiveness of the planning to discharge people from hospital, May 2017. See http://www.oag.govt.nz/2017/mental-health?utm_source=subs&utm_medium=subs&utm_campaign=mental-health

[6] Entities in the health system in general get GST refunded so the increase in CPI due to the GST increase in 2010 does not apply to them.

Other Ministry of Health data show new self- or relative referrals to MHA triage teams increased by 118.8% from 2010/11 to 2014/15 (earlier data is less robust). This may be due in part to an increased awareness of mental health issues and a willingness to seek help. Referrals from sources such as GPs and adult community mental health services have also seen big increases – by 40% and 38% respectively (Table 2).

Table 2: Mental Health and Addiction Service Referral Trends, 2010/11 to 2014/15

	2010-11	2014-15	% increase 2010/11 - 2014/15
New referrals to MH&A teams*	218,884	323,239	47.7%
Three main sources:			
General practitioner	33,526	46,919	39.9%
Self or relative referral	40,519	88,639	118.8%
Adult community mental health services	29,169	40,293	38.1%
Referral 'Discharges'	201,259	302,806	50.5%
Destinations include:			
General Practitioner	35,203	54,657	55.3%
Adult community mental health services	18,418	28,573	55.1%
Self or relative	7,031	14,441	105.4%
Psychiatric inpatients	3,055	4,635	51.7%
Psychiatric outpatients	1,055	2,731	158.9%
Compulsory treatment under the Mental Health Act	8,547	9,818	14.9%
Workforce growth			
Registered nurses**	4,293	4,482	4.4%
Enrolled nurses	149	150	0.7%
Psychiatrists***	477	554	16.1%
General Practitioners***	2,741	3,275	19.5%

Notes:

* A client may have more than one referral open at the same time, so 'new referrals' will be greater than 'clients seen'. A new referral is defined as a referral with a start date in the current year.

** Includes Addiction services, Inpatient, and Community services. Some nurses may be counted more than once where they work in more than one setting.

*** Doctors with vocational registration in psychiatry/general practice

Sources:

Ministry of Health. Mental Health and Addiction: Service Use – Series, 2014/15. Available:

http://www.health.govt.nz/nz-health-statistics/health-statistics-and-data-sets/mental-health-and-addiction-service-use-series

NZ Nursing Council. *The New Zealand Nursing Workforce*, 2010/11 and 2014/15.

MCNZ: Medical Register as at June 2011 and June 2015.

The gap between 'clients seen' and 'new referrals' is largely due to multiple referrals being counted against many individual clients in any given year. There are also variations in the 'clients seen' data compared with the 'new referrals' data. However, the growing gap between 'clients seen' and 'new referrals' indicates an increased movement of clients between services, raising questions as to whether clients are being discharged from services too early or with inadequate support, only to be referred back to an MHA service down the track. For example, discharges of clients from MHA services to 'self or relative', or the care of their GP, or adult community health services increased by 105%, 55% and 55% respectively. As outlined above, these are areas that have also seen significant increases in 'new referrals'.

After the initial referral to an MHA team, further referrals onto other MHA services are also increasing significantly. For example, 'referral discharges' from MHA teams to psychiatric inpatient services increased by 51%, and referrals to outpatients increased by 159%.

These trends appear consistent with the Auditor-General's findings of a revolving-door effect where follow-up support after discharge from hospital was often inadequate due in part to 'high caseloads of community mental health teams', which in some DHBs led to high numbers of mental health clients being re-admitted.

While new referrals increased by 48% between 2010/11 and 2014/15, Nursing Council data indicate the number of registered nurses has increased by just 4.4% over the same period; there has been virtually no growth in enrolled nurses.[7] While increases in psychiatrists and general practitioners has been healthier, they do not match the increasing MHA service needs shown in the data. Psychiatrist numbers per population remain well below the OECD average.

Failure to adequately invest in mental health services to address unmet need incurs not only health and social costs but also economic ones. A report prepared for the Royal Australian and New Zealand College of Psychiatrists estimates the total cost of mental illness in New Zealand equates to about 5% of gross domestic product (GDP), or 7.2% of GDP with the inclusion of opioid dependence.[8]

Appendix 1 and 2 follow.

[7] Actual nurse numbers will be overstated for both 2010/11 and 2014/15 as Nursing Council data at 'practice area' level includes nurses more than once if they work in more than one MHA setting (ie, addiction services, inpatient services, community services). The MHA workforce trends should therefore be regarded as indicative. However, they are consistent with the total actual nursing workforce growth of 3.7% over the same period.

[8] Victorian Institute of Strategic Economic Studies. *The Economic Cost of Serious Mental Illness and Comorbidities in New Zealand and Australia.* A report prepared for the Royal Australian and New Zealand College f Psychiatrists and the Australian health Policy Collaboration, 2016.

Appendix 1

Budget media release:

Hon Amy Adams
Minister of Justice

Hon Dr Jonathan Coleman
Minister of Health

25 May 2017

$224m boost for mental health

Budget 2017 will invest an extra $224 million over four years in mental health services including $124 million in new innovative approaches, Social Investment Minister Amy Adams and Health Minister Jonathan Coleman say.

“Mental health is a social investment priority for this Government. It's one of our most complex social issues, and it is having big impacts across the employment, housing, health and justice sectors,” Ms Adams says.

“Mental health issues can lead to much poorer outcomes for these people and their families. It's important to come up with innovative solutions which keep up with the evolving needs of New Zealanders.”

“In line with international trends here in New Zealand we've seen an increase in demand for mental health and addiction services in recent years,” Dr Coleman says.

“Cabinet will soon consider a new mental health and addiction strategy, which will include our new approach to dealing with mental health issues. This funding will support the implementation of the strategy and will provide greater flexibility to invest in new and innovative approaches.”

The Budget 2017 funding includes:

- $100 million for a new cross-government social investment fund that will target innovative new proposals to tackle mental health issues.
- $4.1 million for the Ministry of Social Development to trial integrated employment and mental health services.
- $11.6 million to help the Department of Corrections better manage and support prisoners at risk of self-harm.
- $8 million in Vote Maori Development to extend the Rangatahi Suicide Prevention Fund.
- $100 million for DHBs to support local mental health and addiction services as part of their total new budget spend through Vote Health. Individual DHBs are able to invest more if they feel it is required.

Through Vote Health mental health and addiction services funding has increased from $1.1 billion in 2008/09 to over $1.4 billion for 2015/16.

See: https://budget.govt.nz/budget/2017/releases/r24-adams-coleman-224m-boost-for-mental-health.htm#sthash.XGMg9xzE.dpuf

Appendix 2

What the Budget documents say about the Ministers' assertions for the year 2017/18

- $25 million for a new cross-government social investment fund that will target innovative new proposals to tackle mental health issues.

From Summary of Initiatives:

Mental Health Contingency

Estimates	Vote	2016/17	2017/18	2018/19	2019/20	2020/21	*Capital*
n/a	Cross Votes	-	25.000	25.000	25.000	25.000	-

This contingency will be used to trial early mental health interventions that are proven to significantly benefit peoples' lives.

This is described as "Mental Health Contingency" and is not under any vote – it is an "Unallocated contingency". It is therefore not for up-and-running programmes or services.

It is not clear, at this stage, whether this is new money or whether it has been extracted from various votes, nor which votes it will affect.

- **$0.103 million for the Ministry of Social Development to trial integrated employment and mental health services.**

From Summary of Initiatives:

Individual Placement Support for Clients with Mental Health Conditions

Estimates	Vote	2016/17	2017/18	2018/19	2019/20	2020/21	*Capital*
Vol.10	Social Development	-	0.103	1.339	1.332	1.332	-

This funding will provide 1,000 places over four years across two regions to support clients with mental health conditions to improve their mental health and find and maintain employment. Employment services will be delivered within mental health or primary care settings, avoiding the need for people to navigate multiple systems.

From Vote Social Development (Estimates, p.54):

Policy Initiative	Appropriation	2016/17 Final Budgeted $000	2017/18 Budget $000	2018/19 Estimated $000	2019/20 Estimated $000	2020/21 Estimated $000
Individual Placement Support for Clients with Mental Health Conditions	**Improved Employment and Social Outcomes Support MCA (M63)** • Improving Employment Outcomes	-	103	1,339	1,332	1,332

This is part of the "Improving Employment Outcomes" appropriation which spent $299.246 million in 2016/17 and budgeted $309.519 million in 2017/18. Social Development has long provided benefits and services for people with mental health conditions.

In 2017/18 it provides only $103,000. It seems unlikely a significant service increase will be provided in 2017/18.

- **$1.9 million to help the Department of Corrections better manage and support prisoners at risk of self-harm.**

From Summary of Initiatives:

Prisoners at Risk of Self-harm and Suicide							
Estimates	Vote	2016/17	2017/18	2018/19	2019/20	2020/21	*Capital*
Vol.7	Corrections	-	1.883	3.223	3.230	3.265	-
This funding will enable the Department of Corrections to make improvements to the way prisoners at risk of self-harm and suicide are managed in the prison environment.							

From Vote Corrections (Estimates, p.25):						
Policy Initiative	Appropriation	2016/17 Final Budgeted $000	2017/18 Budget $000	2018/19 Estimated $000	2019/20 Estimated $000	2020/21 Estimated $000
Prisoners at Risk of Self-harm and Suicide - Pilot	Re-offending is Reduced	-	1,458	2,373	2,380	2,415
	Public Safety is Improved MCA - Prison-based Custodial Services	-	425	850	850	850
	Total		**1,883**	**3,223**	**3,230**	**3,265**

This is part of the "Reoffending is Reduced" ($190.868 million in 2016/17, $201.545 million in 2017/18) and "Prison-based Custodial Services" ($894.481 million in 2016/17 and $937.872 million in 2017/18) appropriations within Corrections Vote.

"Reoffending is Reduced" was funded as follows in 2016/17 and 2017/18 (2017 Estimates, p.31)

Policy Initiative	Year of First Impact	2016/17 Final Budgeted $000	2017/18 Budget $000	2018/19 Estimated $000	2019/20 Estimated $000	2020/21 Estimated $000
Enhanced Mental Health Support Services	2016/17	7,072	6,725	-	-	-

The “new” funding effectively replaces this, and at a reduced level from 2018/19 on.

Corrections already has health centres, and prison-based custodial services was funded (and estimated it would spend) $29,437,000 in 2016/17 on health, and has been funded $30,921,000 in 2017/18 for this. The above programmes include mental health and drug addiction, though the Chief Executive of Corrections acknowledges it has “not always met the mental health needs of all individuals in our care” and notes that Corrections has a “$14 million investment in mental health services” (http://www.corrections.govt.nz/resources/strategic_reports/investing_in_better_mental_health_for_offenders.html).

The above services therefore add to those existing prison services.

- **$1.5 million in Vote Māori Development to extend the Rangatahi Suicide Prevention Fund.**

From Summary of Initiatives:

Rangatahi Suicide Prevention Fund Extension							
Estimates	Vote	2016/17	2017/18	2018/19	2019/20	2020/21	Capital
Vol.8	Māori Development	-	1.500	2.000	2.500	2.000	-
This funding will support entities to reduce suicide and self-harm amongst Rangatahi (youth) Māori.							

From Vote Māori Development (Estimates, p.130):						
Policy Initiative	Appropriation	2016/17 Final Budgeted $000	2017/18 Budget $000	2018/19 Estimated $000	2019/20 Estimated $000	2020/21 Estimated $000
Oranga Rangatahi (Rangatahi Suicide Prevention Fund Extension)	**Hauora me te Oranga Māori (Māori Health and Wellbeing)** Non-Departmental Output Expense	-	1,500	2,000	2,500	2,000

This is part of the “Hauora me te Oranga Māori (Māori Health and Wellbeing)” appropriation (restructured from 2016/17, $6.550 million in 2017/18).

Under the previous structure there was a similar appropriation.

From the Budget 2016 estimates for Māori Development (p. 146):						
Policy Initiative	Year of First Impact	2015/16 Final Budgeted $000	2016/17 Budget $000	2017/18 Estimated $000	2018/19 Estimated $000	2019/20 Estimated $000
Rangatahi Māori Suicide Prevention	2015/16	400	1,700	-	-	-

This received a further $9,000 in the supplementary estimates. The 2016 Estimates noted (p.146) that “The increase in this appropriation for 2016/17 is due to planned phasing of the fund to allow time for establishment and delivery of services by service providers".

The $1.5 million in 2017/18 therefore is a *reduction* of the previous funding.

- **$25 million for DHBs to support local mental health and addiction services as part of their total new budget spend through Vote Health. Individual DHBs are able to invest more if they feel it is required.**

This is not an Appropriation but part of each DHB’s appropriation. The DHBs are not required to spend it all on mental health.

- **Through Vote Health mental health and addiction services funding has increased from $1.1 billion in 2008/09 to over $1.4 billion for 2015/16.**

This spending is not an explicit appropriation so cannot be verified from Budget documents. The increase is well below the increase in client numbers: 16.5% real increase in funding and 50.2% increase in clients.

Minister says Mental health funding increased as follows:			CPI (excl GST incr[9])		In June 2016 dollars	
2008/09	$1.1	Billion	Jun-09	1081	$1.2	Billion
2015/16	$1.4	Billion	Jun-16	1181	$1.4	Billion
Dollar increase	27.3%		Increase in real terms		16.5%	
Increase in number of clients according to Ministry					50.2%	

[9] Entities in the health system in general get GST refunded so the increase in CPI due to the GST increase in 2010 does not apply to them.