MetLife Insurance Limited
ABN 75 0004 274 882 AFSL No 238096
Level 9, 2 Park Street
GPO Box 3319
Sydney NSW 2001
Ph: 1300 555 625
Fax: (02) 9266 1111
metlife.com.au

17 April 2019

Mental Health Inquiry
Productivity Commission
GPO BOX 1428
CANBERRA CITY, ACT 2601

Dear Sir/Madam

Submission to Productivity Commission Issues Paper on Social and Economic Benefits of Improving Mental Health

Thank you for the opportunity to provide feedback on the Productivity Commission's Issues Paper (**Issues Paper**) regarding its inquiry into the Social and Economic Benefits of Improving Mental Health (**Inquiry**).

MetLife Insurance Limited (**MetLife**) is a specialist provider of life insurance to affinity partners, superannuation trustees and employers in Australia. MetLife has expertise in designing and executing insurance programs for partners' customers and insurance solutions to meet the needs of specific member groups. MetLife is currently the third largest insurer in group life insurance and protects 2.6 million Australians, and has been a provider of life risk insurance products in Australia since 2005.

MetLife's primary business is in providing life insurance via group life policies to superannuation funds to cover their members.

This submission is intended to provide readers with information on the contributions that MetLife and other life insurers make to mental health in Australia. We also provide some targeted recommendations in relation to the Productivity Commission's Inquiry.

Life insurance industry's role in supporting people with mental health conditions

Life insurers provide benefits to people who are suffering due to illness or accident, and to people who have suffered the loss of a family member. In this context, many of the customers engaging with life insurers are people who may be experiencing mental health conditions.

As most of the insurance we offer is provided through superannuation, this submission focuses on the benefits provided within that framework, which consist of:

- Life insurance – pays a benefit to the member's family in the event of their death;
- Terminal illness – pays a benefit when a member has been diagnosed with a terminal illness;
- Income protection – pays a benefit when the member is temporarily unable to work due to illness or injury;

- Total and permanent disability (**TPD**) – pays a benefit when the member is unlikely to work again due to illness or injury.

Life insurance fulfils an important purpose in our society, assisting those who are experiencing debilitating health conditions or bereavement. Recent data published by the Australian Prudential Regulation Authority (**APRA**) demonstrates that[1]:

- 92% of finalised claims across the life insurance industry were paid in the first instance in the year to 30 June 2018;
- Group life in superannuation had slightly higher claims acceptance rates than claims outside of superannuation in the same period;
- 78% of claims were finalised within 2 months and 92% were finalised within 6 months; months;
- Across the industry, approximately $10 billion was paid for death, TPD, trauma and income protection claims;
- the claims ratio, meaning the proportion of claims to premium paid, for superannuation in group life was over 80%[2].

The Financial Services Council (**FSC**) recently announced some preliminary findings from its life insurance data project, which collected cause of claim data from all life insurers for the year ending 30 June 2018. The FSC noted that mental health conditions rank third in the top 10 causes of claim across all life insurance categories. For life insurance disability claims, mental health accounted for 20% of claims, which is roughly equivalent to the incidence of mental health incidence in the Australian population[3].

Based on the above data points, we estimate that life insurers provided approximately $1 billion to customers with a mental health condition in the 2017-2018 period[4]. This estimate is probably understated, as it does not take into account people with a physical condition who have developed a secondary mental health condition.

The mental health expenditure by life insurers is not usually highlighted in reports and commentary. Based on our estimates, the life insurance sector is arguably the largest non-Government supporter of mental health sufferers in Australia.[5]

Life insurers support people who may be undergoing problems with mental health in several ways. These include:

- Interacting with people whose primary reason for claiming is that they are suffering from a mental illness;
- Helping people who have developed, or are at risk of developing, a secondary mental health condition while suffering a physical condition;
- Assisting bereaved people during the claim process when they have experienced the loss of a family member;
- Supporting customers who have been diagnosed with a terminal illness.

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[1] APRA, *Statistics: Life Insurance Claims and Disputes*, June 18, issued March 2019
[2] APRA Quarterly Life Insurance Statistics
[3] Financial Services Council Media Release "Mental Health Claims Data Revealed at FSC Life Conference", 21 March 2019
[4] Based on data year to 30 June 2018
[5] AIHW *Mental Health Services in Brief 2018*. Of the $9.1 billion spent nationally in 2016–17, state and territory governments funded 61.6% ($5.6 billion), the Australian Government 32.9% ($3.0 billion) and private health insurance funds 5.6% ($508 million).

The Productivity Commission's Issues Paper does not mention the role played by life insurers or superannuation trustees in the lives of people who may be affected by mental health conditions. MetLife therefore recommends that the Productivity Commission considers the role played by life insurers and superannuation trustees during this inquiry. We note that the National Mental Health Commission has made a similar recommendation[6] to the Inquiry.

Recommendation: That the Productivity Commission consider the significant role played by life insurers and superannuation trustees, in supporting people with mental health conditions.

Life Insurer initiatives in relation to mental health

There is evidence that the longer a person is off work, the less chance there is of them ever returning to work. If a person is off work for:

- 20 days, the chance of ever getting back to work is 70%;
- 45 days, the chance of ever getting back to work is 50%; and
- 70 days, the chance of ever getting back to work is 35%.[7]

In addition to expenditure on claims, many life insurers and superannuation trustees have programs designed to help people return to wellness and ultimately return to work. Engagement with work has positive effects on people's mental and general health, as it reduces isolation and poverty, ensures some level of activity each working day, reduces the risk of alcohol and substance abuse, and stimulates mental capacity. The interests of the customer and the life insurer are therefore aligned when striving for return to wellness and work.

MetLife itself has put in place a number of initiatives and improvements in its business to help support customers who are experiencing mental health challenges. These include:

- Engaging personnel with mental health and allied health qualifications to work in our claims team. These associates have a variety of roles, which include providing training and support to claims team members;
- Ensuring that our people have access to specialist medical experts for advice on complex matters;
- MetLife's Nourish program in which we have partnered with a rehabilitation partner to put in place return to wellness programs designed to improve physical or mental function across one or multiple dimensions of functioning, measured against the World Health Organisation's Disability Assessment (WHODAS) 2.0 scale;
- Our Health Connect program which is a community resource program that connects customers with relevant, free or low-cost third-party health services, online resources and other resources available in the community;
- Providing training on a quarterly basis on mental health to our customer-facing staff;
- Partnering with SuperFriend, a provider of wellness and mental health training and support programs;
- Ensuring that our product terms do not contain blanket mental health exclusions; and
- Putting in place a policy on surveillance which has strict controls on when surveillance can be used to investigate claims, especially for customers suffering mental health conditions. Due to implementing this policy, surveillance has not been initiated by our claims team since 2016 in relation to customers who

[6] National Mental Health Commission *Submission to the Productivity Commission Inquiry into the Social and Economic Benefits of Improving Mental Health* April 2019, recommendation 2

[7] Johnson D, Fry T. *Factors Affecting Return to Work after Injury: A study for the Victorian WorkCover Authority. Melbourne*: Melbourne Institute of Applied Economic and Social Research; 2002.

have claimed for mental health conditions. We have conducted only a small handful of surveillance activities on customers who have a physical cause of claim.

These programs have been informed by our involvement with people who have lived experience of mental health conditions.

Recommendation: That the Productivity Commission take into account feedback from a broad range of stakeholders, including the life insurance sector, during the course of its Inquiry.

Improving consumer access to mental health services

The Productivity Commission has asked questions about funding arrangements for mental health services, whether current policy settings are leading to sub-optimal outcomes and how they could be reformed. [8].

Under the Better Access scheme, people with mental health conditions can obtain financial support for up to ten counselling sessions a year from a psychologist or psychiatrist. There has been criticism some people would benefit from having access to more counselling sessions, especially those that more complex conditions. There has also been criticism that the out-of-pocket expenses can be unaffordable for people in lower socio-economic groups[9].

Despite the important role that life insurers can play in supporting people with mental health conditions, life insurers are generally prohibited by existing regulatory frameworks from providing funding for psychological or psychiatric counselling for our customers. The Financial Services Council (**FSC**) has proposed that legislative constraints be reformed so that life insurers can fund the provision of health services to consumers[10], and facilitate consumers returning to wellness. In 2018, the FSC engaged Cadence Economics to undertake research in relation to the economic benefits of allowing life insurers to fund access to health services[11], including services for people with mental health conditions. This research showed that approximately 1400 consumers could be assisted by life insurers providing funding for targeted early intervention treatments on an annual basis, with consequent productivity and economic benefits for the community and the Government. MetLife co-sponsored the Cadence Economics research.

Adjustment would need to be made to a number of pieces of legislation to achieve these reforms, which are set out in the Appendix, however, these amendments would not be significant.

As noted above, we estimate that the life insurance industry is arguably the largest non-Government financial supporter of people with mental health conditions. It therefore seems incongruous that life insurers can potentially face criminal penalties if they provide funding for health services to support the needs of our customers.

MetLife supports the FSC's position on these important reforms. Any service that is provided to customers following such reforms would of course have to be provided by an appropriate registered health provider, with fully informed patient consent and in consultation with the customer's medical team.

Recommendation: MetLife recommends that the Productivity Commission consider whether the regulatory framework should be reformed to allow life insurers to fund access to health services, including mental health services.

[8] Productivity Commission, *Issues Paper: The Social and Economic Benefits of Improving Mental Health*, Jan 2019 p36

[9] Graham N Meadows, Joanne C Enticott, Brett Inder, Grant M Russell and Roger Gurr, *Better access to mental health care and the failure of the Medicare principle of universality* Medical Journal of Australia, 2015

[10] Financial Services Council, Submission to the Parliamentary Joint Committee on Corporations and Financial Services 2018

[11] Cadence Economics, *Falling through the Cracks* 2018

Measurement and Reporting of Outcomes

In the Productivity Commission's Issues Paper, it poses questions on the monitoring and reporting of outcomes of mental health treatment services [12].

There are a number of ways that reporting on mental health, its treatment and outcomes could be improved.

National Survey of Mental Health

The Australian Bureau of Statistics' (**ABS**) 1997 National Survey of Mental Health and Wellbeing of Adults provided a comprehensive view of mental illness prevalence, mental health treatments and mental wellness in Australia. This survey remains one of the leading sources of data in Australia on the prevalence of mental health conditions. There has not been an equivalent, comprehensive survey conducted since 1997. This important data should be updated by either the ABS or the Australian Institute of Health and Wellbeing (**AIHW**).

Recommendation: MetLife recommends that the Productivity Commission consider the benefits of greater investment in data including a comprehensive review of mental health and wellbeing, similar to that conducted by the ABS in 1997.

Improved data in relation to the Better Access Scheme

In 2006, the Better Access scheme was introduced. One of the aims of this scheme is to provide mental health consumers with more affordable access to counselling services. The Medical Benefits Schedule (**MBS**) was amended to support up to 10 counselling sessions in a year. The MBS was also amended to provide general practitioners with fee support for completing mental health plans and providing referrals to psychiatrists, psychologists and allied health professionals.

The performance of the Better Access scheme was last reviewed by the Department of Health and Aging in 2010 via a survey of health providers and consumers. While the scheme is monitored from an expenditure perspective, there is currently no framework in place to monitor the outcomes of the Better Access scheme or assess whether it is delivering evidence-based treatment to those who need it[13].

There has been commentary that the Better Access scheme has not reduced the prevalence of mental illness in Australia[14]. There is also evidence that the scheme has benefited Australians living in advantaged, urban areas more than those living in rural, remote and disadvantaged areas[15].

Given the significance of mental health conditions as a disease burden in the Australian population and the fiscal demands of the scheme, MetLife supports enhanced monitoring and reporting of the Better Access scheme with a view to improving both its reach and its effectiveness.

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[12] Productivity Commission, *Issues Paper: The Social and Economic Benefits of Improving Mental Health*, Jan 2019 p36

[13] See, for example, Dr S Rosenberg who argues that there should be more accountability in relation to the Better Access scheme https://australiascience.tv/mental-health-care-in-australia-is-fundamentally-flawed-say-researchers/

[14] For example, Dr S Rosenberg argues that in 2009 two thirds of clients into Better Access were new but by 2016 only a third were new to the program. Repeat clients could indicate that people did not receive the care when they needed it. https://australiascience.tv/mental-health-care-in-australia-is-fundamentally-flawed-say-researchers/

[15] Graham N Meadows, Joanne C Enticott, Brett Inder, Grant M Russell and Roger Gurr, *Better access to mental health care and the failure of the Medicare principle of universality* Medical Journal of Australia, 2015

Recommendation: MetLife recommends that the Productivity Commission consider what improvements should be made to monitoring and reporting of the Better Access scheme and its outcomes.

Better coordination between providers

A number of commentators have commented on the fragmented and disjointed delivery of mental health services[16]. This is also reflected in services provided to people who need to cease work due to mental health causes. A common experience for members of superannuation funds seeking to claim under their life insurance policy is that they:

- First receive any benefits available from their workplace;
- Then receive benefits from a state or territory-based workers compensation scheme;
- Claim under their policy through superannuation and be assessed for the benefit.

Some members find this process exhausting and dehumanising. Additionally, the claim may not be received by the life insurer until 2-3 years after the member has left work, reducing the likelihood of the member returning to work or gaining the benefit of early intervention therapies.

Better coordination between employers, superannuation trustees, workers compensation providers and life insurers would improve this situation.

There is currently no obligation for employers to report to superannuation trustee when a member is off work due to illness, nor is there an obligation for workers compensation providers to inform superannuation trustees when a worker is in receipt of benefits. Indeed, the ability to share this kind of communication is restricted by the *Privacy Act 2001*. If this information were able to be shared, there could be a more coordinated approach to supporting people who cease work due to mental health conditions, or cease work due to a physical condition with a risk of developing a secondary mental health condition. Another option worth considering is enhancement of the Single Touch Payroll system to improve communication by employers in relation to employees on extended sick leave.

Recommendation: That the Productivity Commission consider the benefits of better coordination between employers, superannuation trustees, workers' compensation providers and life insurance and whether any regulatory roadblocks to improving communication could be reformed.

Mentally Healthy Workplaces

The Productivity Commission has asked questions about what interventions employers take to facilitate mentally healthy workplaces.

As a signatory to the Royal College of Physicians Consensus Statement 'Realising the Health Benefits of Work', MetLife recognises that work is generally good for health and wellbeing and that long-term absence, disability and unemployment generally have a negative impact on health and wellbeing.

This position statement provides guiding principles for the benefits of work, the benefits of work and activity to support health, particularly mental health. MetLife supports and endorses the Consensus Statement.

[16] For example, National Mental Health Commission *Contributing Lives, Thriving Communities: Review of Mental Health Programs and Services* 2014

MetLife's Employee Benefit Trends Study in 2016 found Australian employers do not place as much importance on health issues as their employees. Offering solutions to improve mental health and overall wellbeing is a major opportunity for Australian employers. Second only to salary, a reduction in work stress is an important motivator (31%) for Australians looking for a new job[17].

The Productivity Commission has requested information on what actions employers have taken to support mentally healthy workplaces. As an advocate for healthy workplaces, MetLife has put in place a range of initiatives in our own business to support our employees' mental health and foster a healthy working environment. These include:

- Fostering a culture of inclusiveness that enables all employees to bring their whole selves to work regardless of gender, sexuality, or cultural background;
- Engendering a leadership culture which is open and transparent. This includes a leadership training program for all people managers called Ignition, to inculcate communication and interpersonal skills;
- Providing training to employees, especially claims assessors, on mental health issues, both to help them provide a caring experience to customers who are going through difficult times, and to assist their own wellbeing;
- Facilitating Thrive Committees. These committees are driven by enthusiastic volunteers who organise a wide range of activities and benefits during the year for staff members. Each committee is sponsored by a member of the executive team. The committees consist of:
    - The Health, Wellbeing and Safety Committee: which facilitates the creation of a safe working environment that supports the health and wellbeing of our people;
    - The Diversity and Inclusion Council: which celebrates the value that diversity brings to the workplace and encourages people to bring their whole self to work;
    - The Social Club Committee: which organises events during the year for people to interact and network across the organisation to build a culture of 'one MetLife';
    - The Corporate Social Responsibility Committee: partners with organisations that promote mental health and wellbeing, resilience and inclusion. It also fosters active employee volunteerism, charitable donations and our focus on sustainability
- Providing access to an Employee Assistance Program which engages an external, professional counselling service. The first four sessions with the program are funded by MetLife;
- Supporting the Black Dog Institute as our charity partner; and
- Supporting RUOK day and World Mental Health Day though discussion groups and panels in an effort to reduce the stigma associated with mental health conditions.

Most recently, in March 2019, MetLife brought together a panel of experts for two seminars on mental health in the workplace, at which SuperFriend presented the results of its Indicators of its Thriving Workplace survey. The seminars aimed to drive awareness, share insights, educate and encourage action from key players in the industry.

MetLife is proud that we were certified as a Great Place to Work in Australia in 2018. This assessment includes an engagement survey of employees and is a benchmark used globally to measure culture and engagement. We believe that supporting employees' health and wellbeing has contributed to our high level of employee engagement.

[17] https://www.metlife.com.au/about-us/newsroom/2016/november/australian-employees-more-concerned-about-mental-health-employers-think/

Given the key role that employers can play in fostering good health, we believe that employers should be encouraged to implement evidence-based solutions to improve staff resilience, relieve work stress and provide mental health programs that offer support in the workplace.

MetLife recommends that the Productivity Commission consider what evidence-based workplace programs lead to improved mental health and how employers can be encouraged and incentivised to support mentally well workplaces.

Conclusion

As both a life insurer and employer, MetLife is extremely proud of the contribution that we make to supporting mental health in Australia. We encourage the Productivity Commission to consider the role played by life insurers and superannuation trustees and we would be happy to provide further detail regarding the information and recommendations in this submission.

For more information please contact Head of Public Policy, Cathy Duloy, whose contact details have been provided separately.

Vince Watt

Acting Chief Executive Officer

Appendix – Relevant Legislative Provisions

Health insurance legislation and life insurance legislation

- "Health insurance business" broadly means the business of undertaking liability by way of insurance in relation to treatment that is intended to manage or prevent a disease, injury or condition (s 121-1 of the Private Health Insurance Act 2007). Mental health services, such as counselling, would fall within this definition if they are payable on account of health treatment services being provided (e.g. medical, surgical, physiotherapy and psychological treatment).

- Life insurers are prohibited from carrying on "health insurance business" under the following legislative provisions:

    - A life insurer cannot intentionally carry on any insurance business other than life insurance business (s 234 of the Life Insurance Act). Health insurance business is specifically disqualified from the definition of life insurance business (s 9A(7)) and APRA does not have the power to grant a special exemption (ss 12A, 12B).

    - An insurer must be a registered private health insurer in order to carry on "health insurance business" (s 10 of the Private Health Insurance (Prudential Supervision) Act 2015).

    - An insurer cannot advertise, offer or issue an insurance policy that is health insurance business unless the policy meets the mandatory requirements for a health insurance policy (s 84-1 of the Private Health Insurance Act 2007). A life insurance policy would not satisfy these requirements (e.g. the community rating principle).

    - A life insurer cannot enter into an insurance policy which pays a benefit in the event that the policyholder incurs a liability to pay certain medical expenses for which a Medicare benefit is payable (s 126 of the Health Insurance Act 1973).

- Workers compensation insurers and motor vehicle accident insurers can make payments for treatment related expenses as they are exempt from private health insurance legislation (s 121-25 of the Private Health Insurance Act 2007.

- However, a life insurer would only be exempt where the total benefit payable for each treatment related event is at least $10,000 (clause 16(1)(f) of the Private Health Insurance (Health Insurance Business) Rules 2017). In practical terms, life insurers are only able to rely upon this exception when providing benefits for trauma or critical illness events (e.g. major heart surgery) as the benefit amount is fixed. The exception would not be appropriate for rehabilitation related expenses which often do not reach $10,000.

Superannuation legislation

In addition to the above, the following restrictions would apply where the life insurance policy is issued to a superannuation fund trustee:

- The trustee can only provide insured benefits where the insured event is consistent with a specified condition of release, being death, terminal medical condition, permanent incapacity or temporary incapacity (Reg 4.07D of the Superannuation Industry (Supervision) Regulations 1994).

- the sole purpose test prevents superannuation trustees from providing benefits for ill-health before the member has ceased gainful employment (s 62 of the Superannuation Industry (Supervision) Act 1993).

- Even if a member has ceased gainful employment, the benefit can only be cashed in the form specified in the "cashing restrictions" (Reg 6.18 of the Superannuation Industry (Supervision) Regulations 1994). In relation to "temporary incapacity", this means the benefit must be paid on at least a monthly basis where the amount paid during a 12 month period cannot vary by more than 5% or the consumer price

index. A payment for health expenses could cause the temporary incapacity benefit to cease to meet these requirements.