Private Health Sector Reform team

Department of Health, Disability and Ageing

Submitted via the departments consultation hub

13 August 2026

Private Health Sector Reform – consultation paper 1

Dear Private Health Sector Reform Team,

The Council of Australian Life Insurers (CALI) welcomes the opportunity to comment on the mental health reforms outlined in the consultation paper.

Mental ill-health is one of Australia's most significant health, social and economic challenges, affecting individuals, employers, governments, healthcare providers and insurers alike. CALI recognises the important role that private health insurers play in improving access to treatment, recovery and ongoing mental health support.

We note that Private Healthcare Australia (PHA), as the peak body representing private health insurers, will provide a detailed response on the technical aspects of the proposed reforms. As participants in Australia's broader social and financial safety net, life insurers share a common interest in improving mental health outcomes and supporting Australians to remain healthy, engaged and connected to work and community life.

Accordingly, CALI is aligned with the positions put forward by PHA in supporting reforms that:

- improve access to mental health care through prevention, early intervention and timely access to treatment;
- enable contemporary, evidence based models of care, including community-based supports where clinically appropriate and only where such reforms ensure equitable access for all Australians;
- strengthen the mental health workforce and support Australians to access the right care in the right settings; and
- promote greater collaboration across mental health, disability, employment and income support systems to improve recovery and workforce participation outcomes.

CALI considers this reform process an important opportunity to modernise Australia's health and support systems to better reflect contemporary Australian life. Like private health insurance, many elements of Australia's income support framework were

designed in a different era and do not always align with contemporary consumer expectations, models of care, technology or patterns of workforce participation. This creates an opportunity to work together across sectors to support earlier intervention, improve outcomes, and ensure people can access the right care, in the right setting, at the right time.

CALI supports collaborative approaches to mental health reform, while noting that effective reform will require coordination across the broader mental health, disability, employment and income support systems, rather than being limited to the private health sector alone. This includes being alert to opportunities to efficiently share data across systems to support planning and target early intervention, considering the process and frictions involved in moving between systems and being conscious of the implications of tightening resourcing and access in one part of the system.

Reforms should also seek to strengthen overall system capacity and support equitable access to care for all Australians, regardless of whether they engage through public or private pathways. Australians experiencing mental ill-health often interact with multiple systems throughout their recovery journey, and improved coordination between these systems will be critical to supporting better recovery, workforce participation and long-term wellbeing.

Please find attached CALI's feedback on the mental health reform proposals and the opportunity for greater collaboration across Australia's health and support systems.

Should you have any queries in relation to this matter, please contact Prue Wilson (Associate Director, Data and Research) at prue.wilson@cali.org.au.

Kind regards

Christine Cupitt
Chief Executive Officer
Council of Australian Life Insurers

The life insurance industry's role in Australia's safety net

The life insurance industry plays a critical role within Australia's social and financial safety net, providing financial support to Australians when illness or injury prevents them from working. As one part of a broader network of healthcare, disability, employment and income support systems, life insurers have a unique perspective on the challenges faced by Australians experiencing mental ill-health. Insurers often engage with individuals after they have already interacted with healthcare providers, workplaces and government support systems, providing insight into how effectively these systems work together to support recovery, workforce participation and long-term wellbeing.

Through this role, life insurers are observing a sustained increase in both the prevalence and severity of mental health-related disability claims. Mental health conditions are now among the largest drivers of income protection and total and permanent disability (TPD) claims. In 2024, the rate of mental health claims was four times the rate of cancer claims and twice the rate of accident claims.

Importantly, the challenges being experienced by life insurers are symptomatic of a broader system under strain. Mental ill-health is increasingly affecting workforce participation, productivity and economic inclusion while placing growing pressure on healthcare services, employers, social supports and income replacement systems. Research commissioned by CALI found that mental ill-health accounts for up to 55% of claims across Australia's major income support systems[1]. Mental health conditions encompass a broad range of experiences, severity levels and recovery trajectories. Yet many of our income support systems were designed around physical injury and predictable recovery pathways, creating challenges for people experiencing mental ill-health, which can be episodic, require longer-term treatment and are sensitive to delays in treatment and support.

Australia is not alone in confronting these challenges. In the United Kingdom, policymakers are increasingly adopting a whole-of-system approach to address the interconnected links between mental health, workforce participation and economic productivity. Recent work through the Keep Britain Working Review reflects growing recognition that no single sector can solve these challenges in isolation and that sustainable outcomes require coordination across healthcare, employers, government and support systems.

CALI and its members strongly support reforms that improve access to mental health care. While recent investments have strengthened access to support, particularly for younger Australians, further reform is needed to ensure the system can respond effectively to the needs of working-age Australians. This includes a greater focus on prevention, early intervention and models of care that respond to need earlier, before mental ill-health progresses to the point of workforce disengagement or long-term reliance on income support.

[1] Volkov I and Iles R (2025), *Cross Sector Project Update: Mapping Australia's ecosystem of income supports*, SuperFriend (commissioned by the Council of Australian Life Insurers).

We also encourage the Department to recognise the workplace as an important setting for prevention and early intervention. Changes in workforce participation, including absenteeism and presenteeism, are often among the earliest indicators that a person's mental health may be deteriorating. Supporting timely intervention at this stage can improve recovery outcomes, help people remain connected to work and reduce pressure on other parts of the support system.

Reforms to mental health care should be considered in the context of the broader support ecosystem. Australians experiencing mental ill-health often access multiple systems throughout their recovery journey, including healthcare, employment supports, disability services, insurers and government income support programs. Fragmented system design and limited coordination between schemes can create barriers for individuals and contribute to costs being transferred between systems rather than addressed at their source. Decisions made within one part of the system can have impacts elsewhere if broader interactions are not considered.

When implementing new models of care, consideration should be given to how assessments, treatment pathways and clinical evidence generated through those models may be relied upon by other parts of the safety net. Care pathways that improve access to treatment should also support individuals to navigate other systems where necessary and avoid creating additional barriers, duplication or gaps in support. As contemporary models of care continue to evolve, reforms should seek to strengthen overall system capacity and support equitable access to timely and appropriate care, ensuring the benefits across the broader community. Reforms should therefore be designed with a whole-of-system lens, recognising that mental health outcomes, workforce participation and access to support are closely interconnected.

About the Council of Australian Life Insurers (CALI)

CALI is the leading voice of life insurance in Australia. We support Australians to make informed choices about their future and help them live in a healthy, confident and secure way over their lifetime.

Our members' products and services give people peace of mind when making important decisions and provide a financial safety net during life's biggest challenges.

We advocate for national policy settings that expand Australians' access to the life insurance protection that suits them when they need it most.

CALI represents all life insurers and reinsurers in Australia. The Australian life insurance industry is today a $26.4 billion industry, employing thousands of Australians and paying billions of dollars of benefits each year.

For more information, visit www.cali.org.au