

14 Expenditure and funding for mental health services

14.1 Introduction

Health expenditure and *health funding* are distinct but related concepts, with information on both needed to understand the financial resources used by the health system. Expenditure information relates to who incurs the expenditure, while funding information relates to the provider of the financial resources (as detailed further in the Key Concepts box below).

Key concepts

Health expenditure is reported in terms of who incurs the expenditure rather than who ultimately provides the funding for that expenditure. In the case of public hospital care, for example, all expenditures (that is, expenditure on medical and surgical supplies, drugs, salaries of doctors and nurses, etc.) are incurred by the states and territories, but a considerable proportion of those expenditures are funded by transfers from the Australian Government (AIHW 2006d).

Health funding is reported in terms of who provides the funds that are used to pay for health expenditure. In the case of public hospital care, for example, the Australian Government and the states and territories together provide over 90% of the funding; these funds are derived ultimately from taxation and other sources of government revenue. Some other funding comes from private health insurers and from individuals who choose to be treated as private patients and pay hospital fees out of their own pockets (AIHW 2006d).

Recurrent expenditure refers to expenditure that does not result in the acquisition or enhancement of an asset—for example, salaries and wages expenditure and non-salary expenditure such as payments to visiting medical officers (AIHW 2006a).

Current prices refer to expenditures reported for a particular year, unadjusted for inflation. Changes in current price expenditures reflect changes in both price and volume (AIHW 2006a).

Constant price estimates are derived by adjusting the current prices to remove the effects of inflation. This allows for expenditures in different years to be compared and for changes in expenditure to reflect changes in the volume of health goods and services. Generally, the constant price estimates have been derived using annually re-weighted chain price indexes produced by the Australian Bureau of Statistics (ABS). In some cases, such indexes are not available, and ABS implicit price deflators have been used instead (AIHW 2006a).

For definitions of key concepts related to *Medicare-subsidised psychiatric services* refer to Chapter 6; *mental health-related prescriptions* refer to Chapter 11; and various types of mental health facilities (for example, *public psychiatric hospital* or *public psychiatric hospital*) refer to Chapter 12.

The expenditure and funding reported here relate mainly to specialised mental health services, as detailed in the chapter. This information can be disaggregated in a number of ways, including by disease, facility type, inputs (for example, salaries) or outputs (for instance, products).

Funding for health goods and services comes from a mixture of government and non-government sources, which changes depending on the type of good or service being provided. The Australian Government, for example, provides most of the funding for

Medicare services, which are provided by: general practitioners, medical specialists and other professionals, usually in private practices; high-level residential care; and pharmaceuticals, for which benefits were paid under the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS). As well as these direct forms of expenditure, the Australian Government provides subsidies for private health insurance and Special Purpose Payments to the states and territories for health purposes. Responsibility for funding public hospitals and public health activities are shared by the Australian Government and the states and territories, while the state and territory governments provide the main funding for health services, such as ambulance and community health services. The main non-government funding sources are out-of-pocket payments by individuals, benefits paid by health insurance companies, and payments by injury compensation insurers. These non-government sources provide the bulk of funding for such things as over-the-counter pharmaceuticals, dental and other professional services and private hospital services.

This chapter covers the available information on expenditure for mental health services, beginning with broad estimates of health system expenditure on mental disorders. Information is then provided on expenditure on mental health facilities, Medicare expenditure for services provided by psychiatrists and mental health-related expenditure under the PBS/RPBS. Finally, the sources of funding for specialised mental health services are presented. Data are presented, where available, for the previous 5 years to provide some indication of the trends in expenditure and funding.

Data on expenditure and funding come from a variety of sources and these are outlined in Appendix 1. Further information on health expenditure is available in two other AIHW publications, *Australia's health 2006* (AIHW 2006a) and *Health expenditure Australia 2004–05* (AIHW 2006d).

14.2 Health system expenditure on mental disorders

The AIHW produces estimates of expenditure on the goods and services provided by the health system. These estimates are based on the satellite national accounts in which non-monetary data sources are linked to the monetary accounting system (AIHW 2005b). The methodology provides estimates for the various goods and services produced by the health system (hospitals, high-level residential aged care, medical services, other professional services, pharmaceuticals, research and community, or public health programs) and allows the allocation of much of that expenditure to specific diseases.

The AIHW has estimated that total health expenditure in 2000–01 was \$60,897 million, of which \$50,146 million (82.3%) has been able to be allocated, as *recurrent expenditure*, to specific diseases and conditions. In 2000–01, expenditure on all mental disorders was estimated at \$3,741 million (Table 14.1), or 7.5% of total allocated health system expenditure in that year. Other disease groups with high proportions of allocated health expenditure in that year were cardiovascular diseases (10.9%), nervous system disorders (9.9%), musculoskeletal diseases (9.2%), injuries (8.0%), respiratory diseases (7.5%) and oral health (6.9%).

Expenditure on depression was \$1,107 million, which represents 29.6% of allocated expenditure on mental disorders and 2.2% of all allocated health expenditure in 2000–01. For depression, the bulk of expenditure was in respect of pharmaceuticals (30.7%), out-of-hospital medical care – mainly general practitioner services – (24.9%) and hospital

services (21.7%). In contrast, hospital services comprised over one-third (36.3%) of expenditure for other mental disorders, with expenditure on pharmaceuticals and residential aged care accounting for 10.5% each. Community mental health services accounted for 9.4% of expenditure on depression, and over one-quarter (27.2%) of expenditure on other mental disorders.

The \$3,741 million expenditure on mental disorders in 2000–01 was an increase of 38.7% on the comparable figure (\$2,697 million in 2000–01 prices) in 1993–94. On a per capita basis, expenditure on mental disorders rose by 27.6% over the period. Much of this growth was due to large increases in mental health expenditure for pharmaceuticals (especially for those treating depression), research and community mental health services, all of which more than doubled between 1993–94 and 2000–01.

Table 14.1: Health system expenditure on mental disorders, 1993–94^(a) and 2000–01 (\$ million)

Year	Hospitals ^(b)	Aged care homes	Out-of-hospital medical ^(c)	Pharmaceuticals	Other health professional services ^(d)	Research	Community mental health services	Total
Depression								
1993–94 ^(a)	223	103	166	78	15	9	26	619
2000–01	240	89	276	340	21	37	104	1,107
Other mental disorders								
1993–94 ^(a)	869	213	346	159	84	25	382	2,078
2000–01	956	277	223	276	113	72	717	2,634
All mental disorders^{(e) (f)}								
1993–94 ^(a)	1,091	316	512	237	99	34	408	2,697
2000–01	1,196	366	499	616	134	109	821	3,741

(a) Expenditures for 1993–94 have been converted to 2000–01 prices by adjusting for health price inflation between 1993–94 and 2000–01.

(b) Includes admitted and non-admitted patients and in-hospital private medical services.

(c) Includes unreferral attendances, imaging, pathology and other medical.

(d) Includes services delivered by physiotherapists, chiropractors, occupational therapists, audiologists, speech therapists, hydropaths, podiatrists, therapeutic and clinical massage therapists, clinical psychologists, dietitians and osteopaths.

(e) Includes ICD-10-AM codes F04–F99 (i.e., all mental and behavioural disorders *excluding* dementia in Alzheimer's disease, vascular dementia, dementia in other diseases classified elsewhere and unspecified dementia) and G31.2 (degeneration of nervous system due to alcohol) for 2000–01. Includes ICD-9 chapter V (mental disorders), excluding 290 (senile and presenile organic psychotic conditions) and 330–331 (cerebral degenerations usually manifest in childhood and other cerebral degenerations) for 1993–94.

(f) The total expenditure for all mental disorders in 2000–01 includes \$310 million for treating drug and alcohol dependence and \$47 million for intellectual disability.

Source: AIHW Disease Expenditure Database.

In this analysis, expenditures on mental health-related care provided to patients who have been admitted to hospitals with dementias have been included with the estimates of expenditure on mental health disorders. This is because dementias are included in the definition of mental health-related separations from hospitals used elsewhere in this report (Table 14.2). Expenditures on care provided to patients with dementias in other settings (such as aged care homes) are not necessarily regarded as mental health-related and are not included in these estimates.

Between 1993–94 and 2000–01, real expenditure on Alzheimer's disease and other dementias (not including community mental health services, for which 1993–94 figures are not available), nearly trebled.

Table 14.2: Health system expenditure on Alzheimer’s disease and other dementias^(a), 1993–94 and 2000–01 (\$ million)

Year	Hospitals ^(b)	Aged care homes	Out-of-hospital medical ^(c)	Pharmaceuticals	Other health professional services ^(d)	Research	Community mental health services	Total
1993–94 ^(e)	132	647	13	2	5	14	n.a.	814
2000–01	160	1,902	18	27	9	94	21	2,230

(a) Includes ICD–10–AM codes F01–F03 (i.e., vascular dementia, dementia in other diseases classified elsewhere and unspecified dementia) and G30–G31 (Alzheimer’s disease and other degenerative disease of the nervous system not elsewhere classified), excluding G31.2 (degeneration of nervous system due to alcohol) for 2000–01. Includes ICD–9–CM codes 290 (senile and presenile organic psychotic conditions) and 330–331 (cerebral degenerations usually manifest in childhood and other cerebral degenerations) for 1993–94.

(b) Includes admitted and non-admitted patients and in-hospital private medical services.

(c) Includes unreferred attendances, imaging, pathology and other medical.

(d) Includes services delivered by physiotherapists, chiropractors, occupational therapists, audiologists, speech therapists, hydropaths, podiatrists, therapeutic and clinical massage therapists, clinical psychologists, dietitians and osteopaths.

(e) Expenditures for 1993–94 have been converted to 2000–01 prices by adjusting for health price inflation between 1993–94 and 2000–01.

Source: AIHW Disease Expenditure Database.

14.3 Expenditure on mental health facilities

Expenditure data for public psychiatric hospitals, private psychiatric hospitals and government-operated community and residential mental health services are reported in this section, with the data for 2000–01 to 2004–05 summarised in Table 14.3. The data are presented in both *current* and *constant prices*. Unless otherwise stated, *constant* prices estimates are expressed in 2003–04 prices. For other information on these mental health facilities, such as the number of establishments, available beds and staffing, refer to Chapter 12 of this report.

This section draws on data from the National Public Hospital Establishments Database, the ABS’s Private Health Establishments Collection and the National Community Mental Health Establishments Database. For further information on these data sources see Appendix 1.

In 2004–05, recurrent expenditure by public psychiatric hospitals was estimated at \$527 million (Table 14.3). Expenditure on salaries and wages was the major component and ranged from 67.6% of the total in 2000–01 to 70.9% in 2003–04. In 2004–05 it was 69.9% of the total. Depreciation was 4.2% of expenditure in 2004–05 and all other non-salary expenditure was 25.8% of the total in that year. Estimated revenue was \$27 million in 2004–05 and represented 5.1% of expenditure. Real growth in expenditure on these facilities averaged 2.5% annually between 2000–01 and 2004–05.

Only total expenditure information is available from private psychiatric hospitals (which are defined by the ABS as those that are licensed or approved by a state or territory health authority and for which 50% or more of the total patient days were for psychiatric patients). In 2004–05, total recurrent expenditure for these facilities was \$168 million (Table 14.3).

Real growth in expenditure for private psychiatric hospitals, over the period 2000–01 to 2004–05, averaged 2.4% per year, which is nearly the same as for the public psychiatric hospitals group.

Expenditure for government-operated community and residential mental health facilities in 2004–05 was estimated at \$987 million. It grew at an average of 5.6% per year from 2000–01 to 2004–05 (Table 14.3).

Table 14.3: Recurrent health expenditure (\$'000) for public and private psychiatric hospitals, and government-operated community and residential mental health services, 2000–01 to 2004–05

	2000–01	2001–02	2002–03	2003–04	2004–05	Average annual change (%)
Public psychiatric hospitals						
<i>Current prices^(a)</i>						
Salaries and wages expenditure	281,494	303,693	309,931	346,078	369,118	6.1
Non-salary expenditure ^(c)	115,295	119,576	115,199	122,408	136,276	4.3
Depreciation ^(b)	19,899	21,955	21,958	19,869	22,299	2.9
Total recurrent expenditure	416,688	445,224	447,088	488,355	527,693	6.1
Revenue	21,978	19,260	19,578	23,709	26,781	5.1
<i>Constant prices^(a)</i>						
Salaries and wages expenditure	311,197	325,345	321,181	346,078	356,024	3.4
Non-salary expenditure ^(c)	127,461	128,101	119,380	122,408	131,442	0.8
Depreciation ^(b)	21,999	23,520	22,755	19,869	21,508	-0.6
Total recurrent expenditure	460,656	476,966	463,316	488,355	508,974	2.5
Revenue	24,297	20,633	20,289	23,709	25,831	1.5
Public acute hospitals with a specialised psychiatric unit or ward						
Total recurrent expenditure	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Private psychiatric hospitals^(d)						
<i>Current prices^(a)</i>						
Total recurrent expenditure	133,491	143,653	158,529	162,066	168,490	6.0
<i>Constant prices^(a)</i>						
Total recurrent expenditure	147,577	153,895	164,283	162,066	162,513	2.4
Government-operated community and residential mental health services^(e)						
<i>Current prices^(a)</i>						
Salaries and wages expenditure	505,310	563,495	624,680	675,809	724,617	9.4
Non-salary expenditure ^(f)	187,887	214,636	247,052	249,149	262,616	8.7
Total recurrent expenditure	695,709	778,131	871,751	922,079	987,233	9.1
<i>Constant prices^(a)</i>						
Salaries and wages expenditure	555,897	596,923	640,697	675,809	692,089	5.6
Non-salary expenditure ^(f)	206,696	227,369	253,387	249,149	250,827	5.0
Total recurrent expenditure	765,356	824,291	894,104	922,079	942,916	5.4

(a) Expenditure and revenue data are listed in both current and constant prices. Constant price values are referenced to 2003–04 and are adjusted for inflation and expressed in terms of prices for the reference year.

(b) Data on *Depreciation* for public psychiatric hospitals were not supplied: in 2004–05 by Tasmania; in 2003–04 by South Australia and Tasmania; in 2002–03 by Victoria, South Australia and Tasmania; in 2001–02 by South Australia and Tasmania; and in 2000–01 by Victoria, South Australia and Tasmania.

(c) Excludes depreciation.

(d) The ABS defined private psychiatric hospitals as those that are licensed/approved by each state or territory health authority and for which 50% or more of the total patient days were for psychiatric patients.

(e) Victoria has included expenditure data for specialised aged care residential services in the National Mental Health Establishments Database that are not in-scope for the National Residential Mental Health Care Database.

(f) Includes depreciation.

n.a. Not available.

Sources: National Public Hospital Establishments Database, Private Health Establishments Collection, and National Community Mental Health Establishments Database.

Expenditure on salaries and wages (\$725 million) represented 73.4% of expenditure on community and residential mental health facilities in 2004–05. This was slightly higher than the comparable figure (69.9%) for public psychiatric hospitals.

Specialised psychiatric wards or units in public acute hospitals are also considered to be mental health facilities (see Chapter 12); however, separate expenditure data for these facilities were not available. Additional information on expenditure on these mental health facilities can be found in the *National Mental Health Report 2005* (DoHA 2005).

14.4 Expenditure on Medicare-subsidised psychiatrist services

This section presents information on the Australian Government's funding through Medicare for psychiatrist services (see Chapter 6) for the financial years 2000–01 to 2005–06 (Appendix 1 provides further information on data quality, coverage and other aspects of the Medicare data).

In 2005–06, \$221 million was paid in benefits for Medicare-subsidised psychiatrist services (Table 14.4); this represents 2.0% of total Medicare benefits expenditure (\$10,976 million) and 17.4% of expenditure for specialist services funded through Medicare (\$1,271 million).

For Australia as a whole, benefits paid for these services averaged \$10.79 per capita in 2005–06. The average benefits paid per capita in Victoria and South Australia were above the national average, while those paid in Western Australia and the Northern Territory were below the national average.

Most of the \$221 million (\$198 million or 89.8%) was spent on patient attendances in consulting rooms, followed by \$17 million (or 7.7%) spent on patient attendances in hospital. Smaller amounts were spent on patient attendances in other locations (\$2 million, or 0.8%) and on other services (\$4 million, or 1.7%). Of this latter amount, \$2.5 million (66.7%) was for group psychotherapy.

Over half (55.3% or \$109 million) of the expenditure on patient attendances in consulting rooms was for consultations that lasted between 46 and 75 minutes.

Expenditure on Medicare-subsidised psychiatric services decreased, at an average of 2.1% annually, between 2000–01 and 2005–06 (Table 14.5). This was greater than the rates of decline in both the number of such services (1.1% per year) and the number of people provided with them (0.8% per year) over the same period (see Chapter 6).

Consistent with changes in the number of services and the number of patients receiving these services, expenditure on attendances in 'other locations' had the highest average annual nominal increase at 8.5%. There were also nominal increases in Medicare expenditure on attendances in hospital (6.6% per year), other services (2.2%) and attendances in consulting rooms (2.0%).

Table 14.4: Medicare expenditure (\$'000) on services provided by psychiatrists, by schedule item, states and territories, 2005-06

MBS item	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(a)
Patient attendances in consulting room									
300, 310	626	318	187	146	85	54	43	39	1,499
302, 312	5,803	5,189	3,993	1,141	1,261	408	353	75	18,223
293, 304, 314	12,527	15,075	10,551	3,510	3,971	1,215	559	87	47,495
306, 316	36,878	39,619	14,810	4,814	10,954	1,157	1,130	112	109,474
308, 318	2,326	2,121	1,086	479	1,278	260	107	7	7,664
291, 319	6,032	4,830	1,305	207	1,101	36	190	0	13,702
	64,193	67,154	31,932	10,297	18,650	3,130	2,382	320	198,057
Patient attendances in hospital									
320	57	155	59	82	24	18	7	0	402
322	761	1,495	2,040	426	240	183	14	5	5,165
324	1,471	1,536	1,187	549	324	307	28	4	5,406
326	1,607	1,596	748	430	371	189	39	3	4,983
328	351	295	138	172	70	48	15	1	1,089
	4,247	5,076	4,172	1,659	1,030	746	102	13	17,046
Patient attendances in other locations									
330	32	20	4	8	0	0	0	0	63
332	143	97	8	13	5	2	0	0	269
334	286	124	18	7	14	2	0	0	452
336	358	147	46	15	40	4	2	0	612
338	247	39	17	10	61	2	1	0	376
	1,067	426	93	53	120	9	3	1	1,772
Other services									
342, 344, 346	759	1,311	185	62	70	77	5	0	2,470
348, 350, 352	67	84	63	39	25	7	5	0	290
353, 355, 356, 357, 358, 364, 366, 367, 369, 370	26	2	1	1	26	9	0	0	85
855, 857, 858, 861, 864, 866	7	41	7	1	0	1	0	3	41
14224	239	186	241	65	60	21	7	1	819
	1,097	1,624	497	168	182	114	17	5	3,705
Total expenditure in current prices (\$'000)	70,604	74,280	36,695	12,177	19,982	3,999	2,503	340	220,579
Per capita (\$) ^(c)	10.38	14.70	9.17	6.00	12.92	8.21	7.66	1.66	10.79

(a) Includes expenditure for services for which the state or territory was not reported.

(b) Information for electroconvulsive therapy may include data for medical practitioners other than psychiatrists.

(c) Crude rate based on the preliminary Australian estimated resident population at 31 December 2005.

Source: Medicare data (DoHA).

Table 14.5: Medicare expenditure (\$'000) on services provided by psychiatrists (current prices), by schedule item, 2000–01 to 2005–06

MBS item	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	Average annual change (%)
Patient attendances in consulting room							
300, 310	1,637	1,587	1,418	1,348	1,417	1,499	-1.7
302, 312	17,819	17,806	17,546	17,160	17,963	18,223	0.4
293, 304, 314	40,765	41,186	42,409	44,191	46,580	47,495	3.1
306, 316	101,943	100,215	99,212	100,158	107,081	109,474	1.4
308, 318	6,404	6,183	6,549	6,723	7,404	7,664	3.7
291, 319	11,072	11,685	11,733	12,287	13,373	13,702	4.4
	179,639	178,660	178,867	181,868	193,820	198,057	2.0
Patient attendances in hospital							
320	515	501	456	439	400	402	-4.8
322	3,966	4,239	4,605	4,646	4,737	5,165	5.4
324	3,568	3,985	4,269	4,633	4,866	5,406	8.7
326	3,631	3,742	3,971	4,275	4,431	4,983	6.5
328	676	674	663	833	887	1,089	10.0
	12,355	13,141	13,964	14,826	15,321	17,046	6.6
Patient attendances in other locations							
330	39	56	58	63	61	63	10.1
332	152	222	228	188	219	269	12.1
334	296	325	367	371	385	452	8.8
336	427	540	608	559	600	612	7.5
338	263	344	309	357	336	376	7.4
	1,178	1,487	1,571	1,538	1,601	1,772	8.5
Other services							
342, 344, 346	2,495	2,358	2,185	2,120	2,325	2,470	-0.2
348, 350, 352	250	199	199	208	250	290	3.0
353, 355, 356, 357, 358, 364, 366, 367, 369, 370	0	0	2	19	24	41	..
855, 857, 858, 861, 864, 866	0	0	9	39	62	85	..
14224	575	620	695	671	704	819	7.3
	3,320	3,178	3,090	3,058	3,364	3,705	2.2
	196,492	196,465	197,492	201,290	214,106	220,579	2.3
	235,679	227,113	216,265	210,109	214,106	212,207	-2.1
Per capita (constant prices) (\$) ^(c)	12.23	11.63	10.95	10.51	10.59	10.38	-3.2

(a) Information for electroconvulsive therapy may include data for medical practitioners other than psychiatrists.

(b) Constant prices are referenced to 2004–05 and are adjusted for inflation.

(c) Crude rate based on the Australian estimated resident population at 31 December of the reference year.

.. Not applicable.

Source: Medicare data (DoHA).

14.5 Expenditure on mental health-related medications

This section presents information on Australian Government expenditure on prescribed mental health-related medications subsidised under the PBS and the RPBS for 2005–06. Some additional information on expenditure in earlier years is also provided. (For information on the numbers and types of medications prescribed, see Chapter 11. Appendix 1 has further information on data quality, coverage and other aspects of the PBS/RPBS database).

In 2005–06, 183 million claims were processed under the PBS and RPBS in respect of prescribed medications. The total benefits paid for these claims were \$6,053 million (Medicare Australia 2006). Of this, 10.6% (or \$639 million) was spent on mental health-related medications (see Chapter 11).

Almost three-quarters (74.4%) of the expenditure on mental health-related medications was for medications prescribed by general practitioners. Prescriptions written by psychiatrists was the next highest (19.9%), with non-psychiatrist specialists' prescriptions accounting for the remaining 5.7% (Table 14.6).

In 2005–06, prescriptions for antidepressants and antipsychotics accounted for most of the mental health-related PBS/RPBS expenditure (47.3% and 46.3% respectively), followed by prescriptions for anxiolytics (2.5%) and hypnotics and sedatives (1.7%) (Table 14.6). Other medications prescribed by psychiatrists accounted for 2.2% of the expenditure on mental health-related prescriptions.

Table 14.6: Expenditure (\$'000) on mental health-related medications subsidised under the PBS/RPBS, by type of medication prescribed^(a) and type of medical practitioner, 2005–06

Type of medical practitioner	Antipsychotics (N05A)	Anxiolytics (N05B)	Hypnotics and sedatives (N05C)	Antidepressants (N06A)	Other ^(b)	Total	Total (per cent)
General practitioners	194,782	14,329	10,353	255,732	..	475,196	74.4
Non-psychiatrist specialists	27,668	342	305	8,123	..	36,438	5.7
Psychiatrists	73,293	1,167	269	38,052	14,147	126,928	19.9
Total	295,743	15,838	10,927	301,907	14,147	638,562	100
<i>Total (%)</i>	<i>46.3</i>	<i>2.5</i>	<i>1.7</i>	<i>47.3</i>	<i>2.2</i>	<i>100</i>	<i>..</i>

(a) Classified according to the ATC Classification System (WHO 2006a).

(b) Other medications prescribed by psychiatrists and subsidised through PBS/RPBS.

.. Not applicable.

Source: Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme data (DoHA).

In terms of benefits paid, the cost to the Australian Government of subsidising mental health-related prescriptions under the PBS/RPBS in 2005–06 (\$639 million) was equivalent to \$31.22 per capita (Table 14.7). The average benefits paid in South Australia and Victoria were above the national average, while those paid in the Northern Territory and the Australian Capital Territory were below the national average. This is consistent with the distribution of prescriptions (see Chapter 11).

Table 14.7: Expenditure (\$'000) on mental health-related medications subsidised under the PBS/RPBS, by type of medication prescribed^(a) and type of medical practitioner, states and territories, 2005–06

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Antipsychotics (N05A)									
General practitioners	66,039	55,248	32,974	15,071	18,165	4,316	2,342	628	194,782
Non-psychiatrist specialists	5,783	11,533	5,463	2,900	1,046	205	270	467	27,668
Psychiatrists	24,947	22,337	12,246	4,035	6,754	1,383	1,425	168	73,293
<i>Subtotal</i>	<i>96,769</i>	<i>89,118</i>	<i>50,683</i>	<i>22,006</i>	<i>25,965</i>	<i>5,903</i>	<i>4,037</i>	<i>1,263</i>	<i>295,743</i>
Anxiolytics (N05B)									
General practitioners	3,923	4,289	2,866	1,056	1,355	698	113	31	14,329
Non-psychiatrist specialists	81	108	76	33	32	8	3	1	342
Psychiatrists	267	444	241	62	108	37	7	1	1,167
<i>Subtotal</i>	<i>4,270</i>	<i>4,841</i>	<i>3,183</i>	<i>1,151</i>	<i>1,495</i>	<i>743</i>	<i>123</i>	<i>33</i>	<i>15,838</i>
Hypnotics and sedatives (N05C)									
General practitioners	3,262	2,623	1,990	1,001	987	389	79	23	10,353
Non-psychiatrist specialists	83	92	64	36	21	5	3	1	305
Psychiatrists	63	64	67	27	38	5	5	1	269
<i>Subtotal</i>	<i>3,408</i>	<i>2,778</i>	<i>2,120</i>	<i>1,064</i>	<i>1,046</i>	<i>399</i>	<i>86</i>	<i>25</i>	<i>10,927</i>
Antidepressants (N06A)									
General practitioners	74,824	64,833	54,128	26,994	22,744	8,197	3,207	805	255,732
Non-psychiatrist specialists	1,993	2,360	1,932	1,105	469	136	76	53	8,123
Psychiatrists	10,574	11,117	8,137	3,475	3,393	896	399	60	38,052
<i>Subtotal</i>	<i>87,392</i>	<i>78,310</i>	<i>64,197</i>	<i>31,574</i>	<i>26,606</i>	<i>9,228</i>	<i>3,681</i>	<i>919</i>	<i>301,907</i>
Other medications prescribed by psychiatrists^(b)									
Psychiatrists	4,185	4,039	2,888	1,519	1,052	228	202	32	14,147
Total expenditure									
Expenditure in current prices (\$'000)	196,024	179,086	123,071	57,314	56,164	16,501	8,129	2,272	638,562
Per capita (\$) ^(c)	28.81	35.45	30.76	28.25	36.32	33.87	24.88	11.11	31.22

(a) Classified according to the ATC Classification System (WHO 2006a).

(b) Includes other N codes as well as other ATC medication groups as presented in Table 14.8. Note that data for other ATC groups prescribed by general practitioners and non-psychiatrist specialists are not presented because they are not included in the definition of mental health-related medications.

(c) Crude rate based on the preliminary Australian estimated resident population at 31 December 2005.

Source: Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme data (DoHA).

PBS/RPBS expenditure for medications prescribed by psychiatrists accounted for \$127 million in 2005–06. About 96.7% (\$123 million) of this was for medications pertaining to the Central Nervous System (including antipsychotics, anxiolytics, hypnotics and sedatives, and antidepressants), while the remainder (3.3%, or \$4 million) was for other medications (Table 14.8).

Overall, expenditure on medications prescribed by psychiatrists under the PBS/RPBS averaged \$6.21 per capita in 2005–06 (Table 14.8). The average benefits paid per capita for mental health-related medications prescribed by psychiatrists were below the national average in the Northern Territory and Western Australia, and above the average in Victoria and South Australia.

Aggregate expenditure on PBS/RPBS-subsidised mental health-related medications was estimated at \$639 million in 2005–06. Real growth in expenditure averaged 7.5% per year between 2000–01 and 2005–06. On a per capita basis, this represents a growth rate of 6.3% per year over the period (Table 14.9). The increase is mainly explained by the rise in expenditure on antipsychotics and antidepressants. However, while expenditure for antipsychotic prescriptions has experienced annual increases over the 5 years, expenditure for antidepressants increased by 3.3% yearly to \$336 million in 2004–05, and then decreased by 10.2% to \$302 million in 2005–06. In contrast, expenditure on prescriptions for hypnotics and sedatives decreased by 5.5% per year between 2000–01 and 2005–06, while expenditure for anxiolytics experienced a smaller decrease (0.8% per year).

Table 14.8: Expenditure (\$'000) on medications prescribed by psychiatrists subsidised under the PBS/RPBS, by type of medication prescribed^(a), 2005–06

ATC Code		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
N	Central Nervous System									
N05A	Antipsychotics	24,947	22,337	12,246	4,035	6,754	1,383	1,425	168	73,293
N05B	Anxiolytics	267	444	241	62	108	37	7	1	1,167
N05C	Hypnotics and sedatives	63	64	67	27	38	5	5	1	269
N06A	Antidepressants	10,574	11,117	8,137	3,475	3,393	896	399	60	38,052
	<i>Subtotal</i>	<i>35,851</i>	<i>33,962</i>	<i>20,691</i>	<i>7,599</i>	<i>10,293</i>	<i>2,321</i>	<i>1,836</i>	<i>230</i>	<i>112,781</i>
	Other N	2,868	2,987	1,896	1,209	706	157	129	24	9,976
	<i>Total N</i>	<i>38,718</i>	<i>36,950</i>	<i>22,587</i>	<i>8,807</i>	<i>10,999</i>	<i>2,478</i>	<i>1,964</i>	<i>254</i>	<i>122,757</i>
A	Alimentary tract and metabolism	326	295	268	72	92	26	14	2	1,095
B	Blood and blood-forming organs	24	20	24	11	13	1	1	0	94
C	Cardiovascular system	433	322	298	91	131	23	20	3	1,321
D	Dermatologicals	10	7	7	5	2	0	0	0	31
G	Genito-urinary system and sex hormones	157	106	164	48	36	5	11	0	527
H	Systemic hormonal preparations, excl. sex hormones and insulins	17	25	18	7	9	1	1	0	78
J	Antiinfectives for systemic use	64	55	53	22	15	4	4	0	218
L	Antineoplastic and immunomodulating agents	107	22	27	12	7	1	13	0	188
M	Musculo-skeletal system	63	83	48	15	15	4	3	1	232
P	Antiparasitic products, insecticides and repellents	0	0	0	0	0	0	0	0	1
R	Respiratory system	95	95	68	23	20	5	5	2	314
S	Sensory organs	14	13	11	3	3	1	1	0	44
V	Various ^(b)	7	9	6	1	3	0	0	0	27
Z	Other ^(c)	0	0	0	0	0	0	0	0	1
	<i>Subtotal (excluding N)</i>	<i>1,317</i>	<i>1,052</i>	<i>992</i>	<i>310</i>	<i>346</i>	<i>71</i>	<i>73</i>	<i>8</i>	<i>4,171</i>
	Total expenditure (\$'000)	40,035	38,002	23,579	9,117	11,345	2,549	2,037	262	126,928
	Per capita (\$) ^(d)	5.88	7.52	5.89	4.49	7.34	5.23	6.24	1.28	6.21

(a) Classified according to the ATC Classification System (WHO 2006a).

(b) Various include allergens, diagnostic agents, urine test reagents and food supplements (lactose, amino acid preparations).

(c) Other refers to extemporaneously prepared items and/or PBS items with no ATC equivalent.

(d) Crude rate based on the preliminary Australian estimated resident population at 31 December 2005.

Source: Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme data (DoHA).

Table 14.9: Expenditure (\$'000) on mental health-related medications subsidised under the PBS/RPBS, by type of medication prescribed^(a) and type of medical practitioner, 2000–01 to 2005–06

ATC group (code)		2000–01	2001–02	2002–03	2003–04	2004–05	2005–06	Average annual change (%)
Antipsychotics (N05A)	General practitioners	92,258	119,870	139,958	154,858	170,309	194,782	16.1
	Non-psychiatrist specialists	8,306	10,572	13,272	16,777	20,055	27,668	27.2
	Psychiatrists	43,705	48,660	52,451	55,240	63,188	73,293	10.9
	<i>Subtotal</i>	<i>144,269</i>	<i>179,101</i>	<i>205,680</i>	<i>226,874</i>	<i>253,553</i>	<i>295,743</i>	<i>15.4</i>
Anxiolytics (N05B)	General practitioners	14,960	15,156	15,199	15,296	14,845	14,329	–0.9
	Non-psychiatrist specialists	322	319	328	333	335	342	1.2
	Psychiatrists	1,186	1,199	1,248	1,229	1,205	1,167	–0.3
	<i>Subtotal</i>	<i>16,469</i>	<i>16,674</i>	<i>16,775</i>	<i>16,858</i>	<i>16,385</i>	<i>15,838</i>	<i>–0.8</i>
Hypnotics and sedatives (N05C)	General practitioners	13,793	13,384	12,430	12,000	11,185	10,353	–5.6
	Non-psychiatrist specialists	378	369	348	347	322	305	–4.2
	Psychiatrists	321	310	308	311	290	269	–3.5
	<i>Subtotal</i>	<i>14,492</i>	<i>14,064</i>	<i>13,086</i>	<i>12,658</i>	<i>11,797</i>	<i>10,927</i>	<i>–5.5</i>
Antidepressants (N06A)	General practitioners	213,481	234,749	253,546	279,733	285,731	255,732	3.7
	Non-psychiatrist specialists	6,424	7,024	7,859	8,922	8,826	8,123	4.8
	Psychiatrists	36,751	38,247	40,046	42,081	41,559	38,052	0.7
	<i>Subtotal</i>	<i>256,656</i>	<i>280,020</i>	<i>301,451</i>	<i>330,736</i>	<i>336,116</i>	<i>301,907</i>	<i>3.3</i>
Other ^(b)	Psychiatrists	9,345	11,663	12,842	13,903	14,410	14,147	8.6
Total expenditure in current prices (\$'000)		441,231	501,522	549,833	601,029	632,261	638,562	7.7
Total expenditure in constant prices (\$'000)^(c)		442,942	503,150	551,144	601,956	632,261	637,225	7.5
Per capita (constant prices) (\$) ^(d)		22.98	25.76	27.90	30.12	31.28	31.16	6.3

(a) Classified according to the ATC Classification System (WHO 2006a).

(b) Includes other N codes as well as other ATC medication groups as presented in Table 14.8. Note that data for other ATC groups prescribed by general practitioners and non-psychiatrist specialist are not presented because they are not included in the definition of mental health-related medications.

(c) Expenditure data are listed in both current and constant prices. Constant prices are referenced to 2004–05 and are adjusted for inflation.

(d) Crude rate based on the Australian estimated resident population at 31 December of the reference year.

Source: Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme data (DoHA).

14.6 Sources of funding for specialised mental health services

The national mental health reports from the Department of Health and Ageing (DoHA) provide estimates of expenditure on specialised mental health services by three main funding sources: Australian Government; state and territory governments; and private health insurance funds. Specialised mental health services are defined as 'those which have as their primary function the provision of treatment, rehabilitation or community support targeted towards people affected by a mental disorder or psychiatric disability' (DoHA 2005:16).

Using this definition of mental health services, the 2005 report estimates that recurrent expenditure on mental health services in 2002–03 was \$3,332 million. Of this total, 59.3% came from state and territory governments, 36.3% from the Australian government and 4.4% from private health funds (Table 14.10).

Over the first 10-year period of the National Mental Health Strategy (1993–2003), total expenditure on mental health services increased by 68.9%, with funding by the Australian government increasing the most (133.7%, or more than doubling).

Table 14.10: Expenditure on mental health services^(a) by source of funding, constant prices^(b), 1992–93 to 2002–03 (\$ million)

Source of funding ^(c)	1992–93	1997–98	2002–03	% change 1992–93 to 2002–03
State and territory governments	1327	1574	1976	49
Australian government	517	835	1208	134
Private health funds	128	139	148	16
Total	1,972	2,548	3,332	69

(a) Some mental health services (for example, mental health services in aged care facilities) are not included.

(b) Expenditures for 1993–94 and 1997–98 have been converted to 2002–03 prices by adjusting for health price inflation.

(c) Some sources of funding are not included, for example private out-of-pocket funds.

Source: Department of Health and Ageing 2005.