

Expenditure on mental health services

This section reviews the available information on [recurrent expenditure](#) (running costs) for mental health-related services. [Health expenditure](#) (what was spent) and [health funding](#) (who provided the funds) are distinct but related concepts essential to understanding the financial resources used by the health system. Data on expenditure and funding, calculated in both [current](#) and [constant](#) prices, are derived from a variety of sources, as outlined in the [data source](#) section. Further information on health expenditure is available in *Health expenditure Australia 2010–11* (AIHW 2012).

Key points

- Almost \$6.9 billion, or \$309 per person, was spent on mental health-related services in Australia during 2010–11, an increase from \$248 per Australian in 2006–07.
- \$4.2 billion was spent on state and territory specialised mental health services, an average annual increase of 5.2% between 2006–07 and 2010–11. Of this, most was spent on public hospital services for admitted patients (\$1.8 billion), followed by community mental health care services (\$1.6 billion).
- Expenditure on specialised mental health services in private hospitals was \$307 million during 2010–11.
- The Australian Government paid \$851 million in benefits for Medicare-subsidised mental health-related services in 2011–12, equating to 4.8% of all Medicare subsidies. Expenditure on psychologist services (clinical and other) (\$351 million) made up the majority of mental health-related Medicare subsidies in 2011–12.
- The Australian Government spent \$854 million, or \$38 per person, on subsidised prescriptions under the PBS/RPBS during 2011–12, equating to 8.8% of all PBS/RPBS subsidies.

What's new

The tables provided in this section (see [Download, Tables](#) icon) include 2011–12 data for Australian Government expenditure on Medicare and the PBS/RPBS.

Overview

The national recurrent expenditure on all mental health-related services in 2010–11 was estimated to be almost \$6.9 billion. Of this total, 61.0% (\$4.2 billion) came from state and territory governments, 35.2% (\$2.4 billion) from the Australian Government and 3.7% (\$257 million) from private health insurance funds.

Funding from state and territory governments for mental health-related services increased by an average annual rate of 6.3% over the period 2006–07 to 2010–11, adjusted for inflation, while funding by the Australian Government increased by an average annual rate of 9.9%.

Overall, expenditure on mental health-related services increased from \$248 per Australian in 2006–07 to \$309 per Australian during 2010–11, adjusted for inflation, which equates to an average annual increase of 5.7%.

Reference

[AIHW 2012](#). Health expenditure Australia 2010–11. Health and welfare expenditure series no. 47. Cat. no. HWE 56. Canberra: AIHW.

Expenditure on specialised mental health services

State and territory specialised mental health services

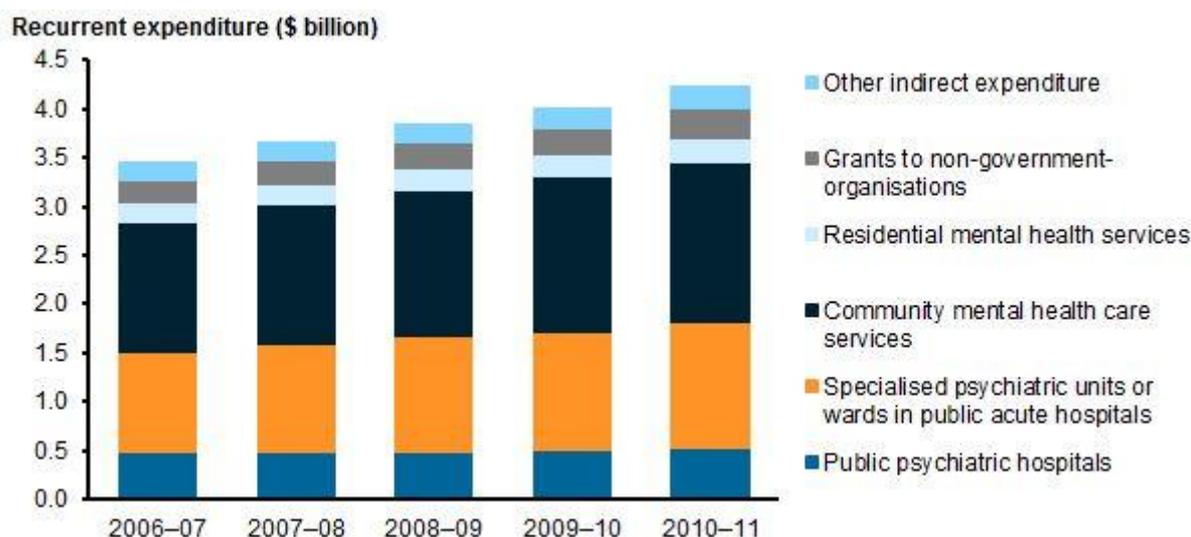
Recurrent expenditure

Over \$4.2 billion was spent on state and territory specialised mental health services in 2010–11. The largest proportion of this recurrent expenditure was spent on public hospital services for admitted patients (\$1.8 billion), comprising public acute hospitals with a specialist psychiatric unit or ward (\$1.3 billion) and public psychiatric hospitals (\$0.5 billion). This was closely followed by expenditure on community mental health care services totalling \$1.6 billion during 2010–11.

Per capita expenditure on specialised mental health services ranged from \$179 per person in Victoria to \$228 per person in Tasmania, compared to the national average of \$190 per Australian during 2010–11.

Expenditure on state and territory specialised mental health services, adjusted for inflation, increased by an average annual rate of 5.2% between 2006–07 and 2010–11 (Figure EXP.1). This equates to an increase of \$25 per Australian, from \$165 in 2006–07 to \$190 in 2010–11.

Figure EXP.1: Recurrent expenditure (\$ billion) on state and territory specialised mental health services, constant prices, 2006–07 to 2010–11



Source: National Mental Health Establishments Database. Source data for this figure are accessible from Table EXP.2 (1.55MB XLS) in the Expenditure on mental health services excel table downloads.

Funding

The majority (95.8% or \$4.0 billion) of funding for state and territory specialised mental health services was from state or territory governments in 2010–11, with a further 2.2% (\$94 million) provided by the Australian Government, and 2.0% (\$84 million) from patients and other revenues and recoveries. (See the [data source](#) section for technical information regarding Australian Government expenditure.)

Public sector specialised mental health hospital services

The \$1.8 billion of recurrent expenditure for public sector specialised mental health hospital services during 2010–11 equates to an [average cost per patient day](#) of \$842. The Northern Territory (\$1,242) had the highest average cost per patient day, while the average cost in Queensland (\$774) was the lowest.

Recurrent expenditure on public sector specialised mental health hospital services can be described using [target population](#), [program type](#) or a combination of both.

Target population

General services (\$1.3 billion) accounted for the majority of recurrent expenditure for public sector specialised mental health hospital services during 2010–11, however, child and adolescent services (\$1,679 per patient day) were the most expensive.

Program type

Across all public sector specialised mental health hospital services, average patient day costs for acute services (\$904) were more expensive than those for non-acute services (\$708). The average patient day cost for public psychiatric hospitals (\$788 per day) was less than that for specialised units or wards in public acute hospitals (\$867 per day), reflecting the greater proportion of non-acute services in public psychiatric hospitals.

Community mental health care services

Community mental health care services accounted for \$1.6 billion of recurrent expenditure on mental health services during 2010–11. Nationally, the majority of these funds were spent providing General community mental health care services (\$1.1 billion or 69.4%). Expenditure on child and adolescent community mental health care services (\$315 million or 19.1%) was the next largest item.

Residential mental health services

Of the \$238 million spent on residential mental health services during 2010–11, the majority was spent on 24-hour staffed services (\$202 million or 85.0%). General services (\$155 million) accounted for almost two-thirds of the total residential expenditure when target population was considered.

The average national cost per patient day for residential mental health services was \$338 per day in 2010–11. Average costs varied between the jurisdictions, ranging from \$214 per patient day in Western Australia to \$411 per patient day in South Australia.

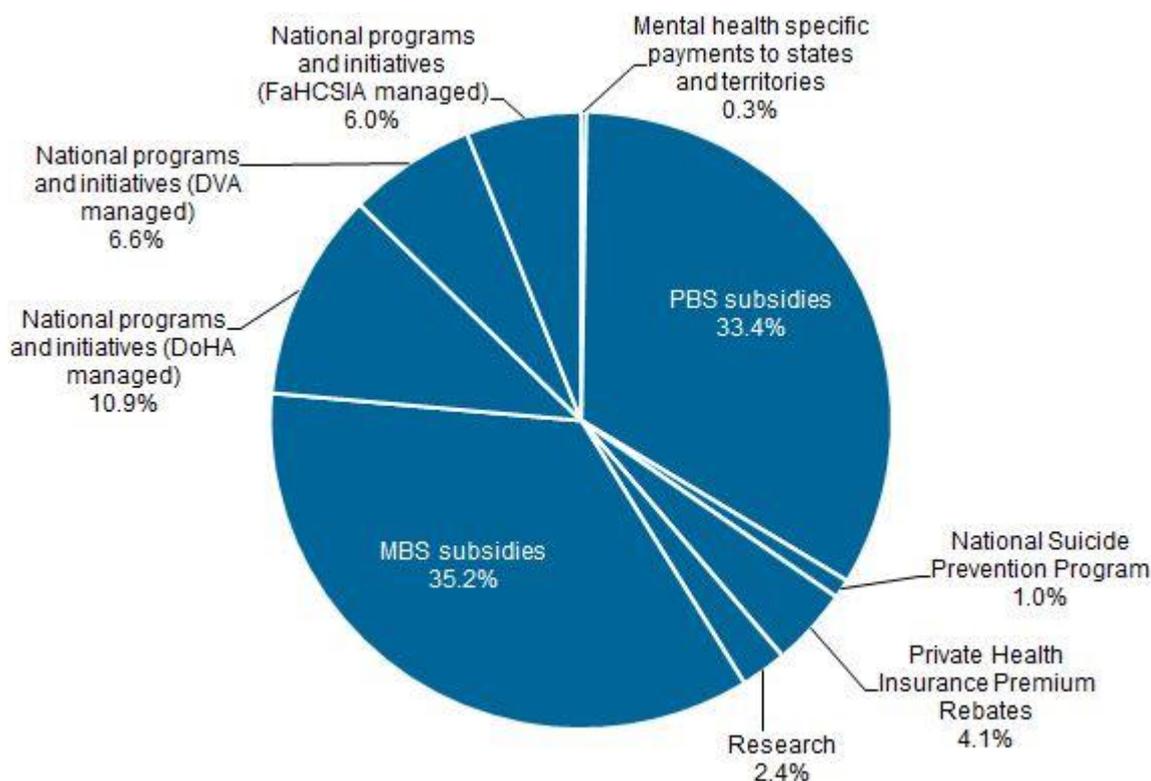
Private hospital specialised mental health services

Expenditure on specialised mental health services in private hospitals increased from \$248 million to \$307 million between 2006–07 and 2010–11, adjusted for inflation. This equates to an average annual increase of 3.8% in per capita expenditure from \$12 per Australian in 2006–07 to \$14 in 2010–11.

Australian Government expenditure on mental health-related services

The total Australian Government expenditure on mental health-related services was estimated as \$2.4 billion in 2010–11. Expenditure on MBS-subsidised mental health services and medications provided through the PBS accounted for 68.6% of the total (Figure EXP.2). (See the [data source](#) section for technical information regarding the calculation of these figures.)

Figure EXP.2: Australian Government expenditure ('\$000) on mental health-related services, 2010–11



Source: Department of Health and Ageing (unpublished data). Source data for this figure are accessible from Table EXP.28 (1.55MB XLS) in the Expenditure on mental health services excel table downloads.

Australian Government expenditure on mental health-related services increased by an average annual rate of 9.9% between 2006–07 and 2010–11, when adjusted for inflation. This is an increase of \$29 per Australian, from \$80 per person in 2006–07 to \$109 in 2010–11. Much of this was due to increases in expenditure on the national programs and initiatives managed by the Department of Health and Ageing (DoHA) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). MBS-subsidised services provided by psychologists/other allied health also increased substantially.

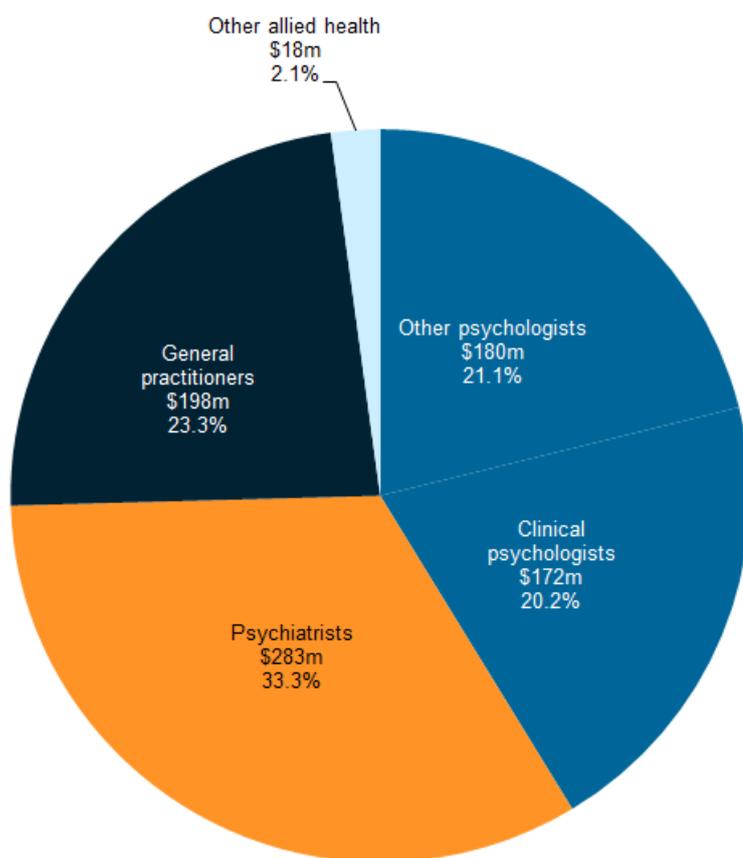
Information for Medicare Benefits Scheme (MBS), Pharmaceutical Benefits Scheme (PBS)/Repatriation Pharmaceutical Benefits Scheme (RPBS) components are available for the 2011–12 reporting period and are presented in the following pages.

Australian Government expenditure on Medicare-subsidised mental health-related services

Australian Government expenditure for 2011–12 Medicare-subsidised mental health-related services is presented in this section. These include mental health-related services provided by psychiatrists, general practitioners (GPs), psychologists (both clinical and other) and other allied health professionals. These services are defined in the Medicare Benefits Schedule (MBS). Refer to the [data source](#) section for further information.

In 2011–12, \$851 million was paid in benefits for Medicare-subsidised mental health-related services, equating to 4.8% of total Medicare expenditure (\$17.7 billion) (DHS 2013). Expenditure for services provided by psychologists (\$351 million or 41.3%) made up the largest proportion (Figure EXP.3), comprising mostly Focussed Psychological Strategies (other psychologists; \$178 million) and Psychological Therapy Services (clinical psychologists; \$172 million). Expenditure on services provided by psychiatrists was the next largest expenditure group (\$283 million or 33.3%). GP expenditure comprised \$198 million (23.3%) of total Medicare-subsidised mental health-related benefits.

Figure EXP.3: Australian Government expenditure (\$ million) on Medicare-subsidised mental health-related services, 2011–12



Source: Medicare data (Department of Health and Ageing). Source data for this figure are accessible from Table EXP.16 (1.55MB XLS) in the Expenditure on mental health services excel table downloads.

Nationally, benefits paid for Medicare-subsidised mental health-related services averaged \$38 per Australian in 2011–12. The average benefits paid per person in Victoria (\$47) and New South Wales (\$38) were above the national average, while those in the Northern Territory were much lower (\$10 per person).

There was an average annual increase of 10.1% in the total expenditure on Medicare-subsidised mental health-related services, adjusted for inflation, between 2007–08 and 2011–12. This change equates to an average annual increase (per Australian) in spending of 8.5%, in constant prices, from \$27 in 2007–08 to \$37 in 2011–12.

Reference

DHS 2013. Medicare group reports. Canberra: Department of Human Services. Viewed January 2013, https://www.medicareaustralia.gov.au/statistics/mbs_group.shtml

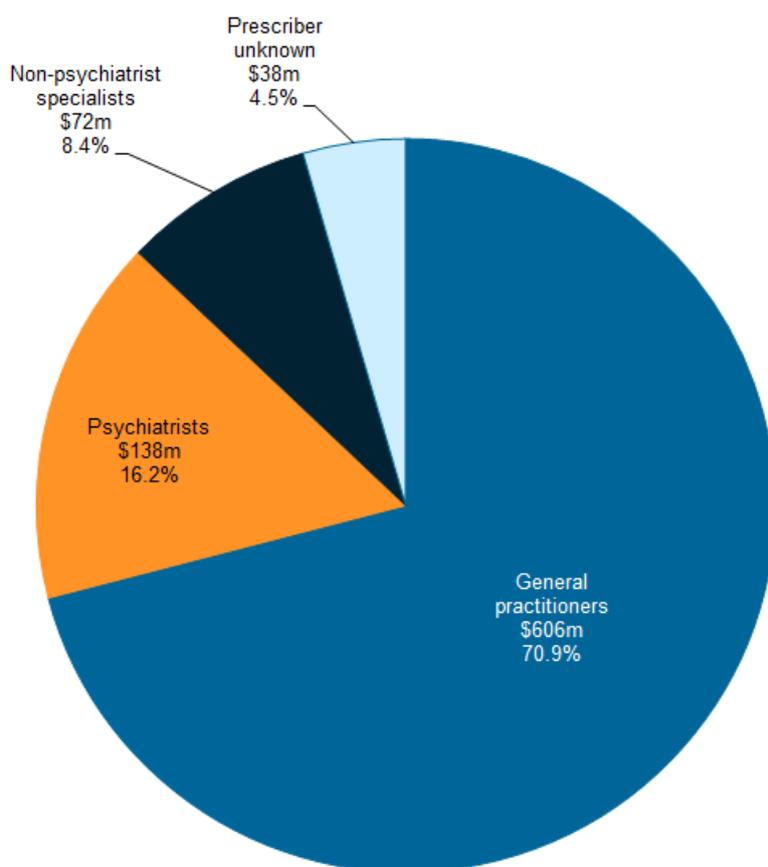
Australian Government expenditure on mental health-related subsidised prescriptions

Data on Australian Government expenditure for 2011–12 is available for mental health-related subsidised prescriptions and presented in this section.

Australian Government expenditure on mental health-related subsidised prescriptions under the Pharmaceutical Benefits Scheme (PBS) and Repatriation Pharmaceutical Benefits Scheme (RPBS) was \$854 million, or \$38 per Australian, in 2011–12. This was equivalent to 8.8% of all PBS and RPBS subsidies (DHS 2012). For further information on data quality, coverage and other aspects of the PBS and RPBS refer to the [data source](#) section.

Over 70% (\$606 million) of the expenditure on mental health-related subsidised prescriptions was for prescriptions issued by general practitioners (GPs) (Figure EXP.4). This was followed by prescriptions written by psychiatrists (\$138 million or 16.2%), with non-psychiatrist specialists' prescriptions accounting for the remaining 8.4% (\$72 million).

Figure EXP.4: Australian Government expenditure (\$ million) on mental health-related subsidised prescriptions, by prescribing medical practitioner, 2011–12



Sources: Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme data (DoHA). Source data for this figure are accessible from Table EXP.23 (1.55MB XLS) in the Expenditure on mental health services excel table downloads.

Prescriptions for antipsychotics (54.6%) and antidepressants (39.5%) accounted for the majority of mental health-related PBS and RPBS expenditure in 2011–12, followed by prescriptions for psychostimulants and nootropics (3.2%), anxiolytics (1.7%) and hypnotics and sedatives (1.0%).

Real growth in expenditure (constant prices) for mental health-related prescriptions averaged 3.7% per year between 2007–08 and 2011–12. This equates to an average growth rate per Australian of 2.1% per year, from \$35 in 2007–08 to \$38 per Australian in 2011–12.

Reference

DHS 2012. Department of Human Services annual report 2011–12. Canberra: Department of Human Services.

Data source

National Mental Health Establishments Database

Collection of data for the Mental Health Establishments (MHE) NMDS began on 1 July 2005, replacing the Community Mental Health Establishments NMDS and the National Survey of Mental Health Services. The main aim of the development of the MHE NMDS was to expand on the Community Mental Health Establishments NMDS and replicate the data previously collected by the National Survey of Mental Health Services. The National Mental Health Establishments Database is compiled as specified by the MHE NMDS.

The scope of the MHE NMDS includes all specialised mental health services managed or funded, partially or fully, by state or territory health authorities. Specialised mental health services are those with the primary function of providing treatment, rehabilitation or community health support targeted towards people with a mental disorder or psychiatric disability. These activities are delivered from a service or facility that is readily identifiable as both specialised and serving a mental health care function.

The MHE NMDS data are reported at a number of levels: state, regional, organisational and individual mental health service unit. The data elements at each level in the NMDS collect information appropriate to that level. The state, regional and organisational levels include data elements for revenue, grants to non-government organisations and indirect expenditure. The organisational level also includes data elements for salary and non-salary expenditure, numbers of full-time-equivalent staff and consumer and carer consultant participation arrangements. The individual mental health service unit level comprises data elements that describe the function of the unit. Where applicable, these include target population, program type, number of beds, number of accrued patient days, number of separations, number of service contacts and episodes of residential care. In addition, the service unit level also includes salary and non-salary expenditure and depreciation.

Data validation

Data presented in this publication are the most current data for all years presented. The validation process rigorously scrutinises the data for consistency in the current collection and across historical data. The validation process applies hundreds of rules to the data to test for potential issues. Jurisdictional representatives respond to each issue before the data are accepted as the most reliable current data collection. This process may highlight issues with historical data. In such cases, historical data may be adjusted to ensure data are more consistent. Therefore, comparisons made to previous versions of *Mental health services in Australia* publications should be approached with caution.

New South Wales CADE and T-BASIS services

All New South Wales Confused and Disturbed Elderly (CADE) 24-hour staffed residential mental health services were reclassified as specialised mental health non-acute admitted patient hospital services, termed Transitional Behavioural Assessment and Intervention Service (T-BASIS), from 1 July 2007. All data relating to these services have been reclassified from 2007–08 onwards, including number of services, number of beds, staffing and expenditure. Comparison of data over time should therefore be approached with caution.

New South Wales HASI Program

Since 2006, New South Wales has been developing the NSW Housing Accommodation Support Initiative (HASI) Program. This model of care is a partnership program between NSW Ministry of Health, Housing NSW and the non-government organisation (NGO) sector that provides housing linked to clinical and psychosocial rehabilitation services for people with a range of levels of psychiatric disability. These services are out-of-scope as residential services according to the Mental Health Establishments NMDS, however, are reported as Supported housing places. Expenditure on the HASI program is reported as Grants to non-government organisations. See this link for further information about the NSW HASI program

Rates for target populations

Calculations of rates for target populations are based on age-specific populations as defined by the metadata and outlined below.

- General services: includes persons aged 18–64.
- Child and adolescent services: persons aged 0–17.
- Youth services: persons aged 16–24.
- Older person: persons aged 65 and over.
- Forensic services: persons aged 18 and over.

Reference

DHFS (Commonwealth Department of Health and Family Services) 1996. National Standards for Mental Health Services. Canberra: Commonwealth of Australia.

Private Health Establishments Collection

The ABS conducts a census of all private hospitals licensed by state and territory health authorities and all freestanding day hospitals facilities approved by DoHA. As part of that census, data on the staffing, finances and activity of these establishments are collected and compiled in the Private Health Establishments Collection.

The data definitions used in the Private Health Establishments Collection are largely based on definitions in the *National health data dictionary, Version 15* (AIHW2010). The ABS defines private psychiatric hospitals as those licensed or approved by a state or territory health authority and which cater primarily for admitted patients with psychiatric, mental or behavioural disorders (ABS 2012). This is further defined as those hospitals providing 50% or more of the total patient days for psychiatric patients. This definition can be extended to include specialised units or wards in private hospitals, consistent with the approach in the public sector. Data for 2009–10 includes private psychiatric hospitals and specialised psychiatric units or wards within other private hospitals. To allow for comparisons across time, historical data has been updated to include this broadened definition. For further technical information see the Private psychiatric hospital data section of the *National mental health report 2010* (DoHA 2010).

The most recent data was collected for the 2010–11 period. Additional information on the Private Health Establishments Collection can be obtained from the ABS publication *Private hospitals, Australia* (ABS 2012). Caution is required when comparing data for 2010–11 to earlier years as the survey was altered such that psychiatric units can no longer be separated from alcohol/drug treatment units. Therefore, the data for beds, patient days, separations and staffing are estimates based on reported 2010–11 data and trends observed in previous years.

References

ABS 2012. Private hospitals, Australia, 2010–11. ABS cat. no. 4390.0. Canberra: ABS.

DoHA 2010. National mental health report 2010: summary of 15 years of reform in Australia's mental health services under the National Mental Health Strategy 1993–2008. Canberra: Commonwealth of Australia.

AIHW 2010. National health data dictionary. Version 15. AIHW cat. no. HWI 107. Canberra: AIHW.

Australian Government expenditure on mental health-related services

The Australian Government Department of Health and Ageing (DoHA) annually compiles the total Australian Government expenditure on mental health-related services for publication in the National Mental Health Report and related reports. Estimated Australian Government expenditure reported in table 14.19 covers only those areas of expenditure that have a clear and identifiable mental health purpose. A range of other expenditure, which may be either directly or indirectly related to the provision of support for people affected by mental illness, is not covered in this table. Expenditure that can be directly linked to specialised mental health service provision but not counted in the table includes:

- nursing home and hostel subsidies provided to psychogeriatric nursing homes managed by states and territories;
- all administrative overheads except for those associated with the Department of Health and Ageing's mental health policy and program management areas;
- contributions to the running of state and territory specialised mental health services provided through the non-specific 'base grants' provided to states and territories under the former Medicare Agreements (1993–98), Australian Health Care Agreements (1998–03 and 2003–09) and National Healthcare Agreements (2009–), other than mental health specific payments made under those Agreements; and
- mental health related expenditure in relation to Australian Defence Force personnel administered by the Department of Defence.

Accurate estimates of the costs of the mental health related components of these items is not possible.

In addition, the Australian Government provides significant support to people affected by mental illness through income security provisions and other social and welfare programs. Consistent with the focus of the National Mental Health Report on specialised mental health services, these costs have been excluded from the analysis.

The following detailed notes on how estimates specific to Australian Government mental health specific expenditure have been revised in consultation with the Department of Health and Ageing (DoHA), building on those described in Appendix 11 of the National Mental Health Report 2010 (DoHA 2010).

Mental health-specific payments to states and territories

For years up to 2008–09, this category covers specific payments made to states and territories by the Australian Government for mental health reform under the Medicare Agreements 1993–98, and Australian Health Care Agreements 1998–2003 and 2008–09. From July 2009 the Australian Government provided Specific Purpose Payments (SPP) to State and Territory governments under the National Healthcare Agreement (NHA) that do not specify the amount to be spent on mental health or any other health area. As a consequence, specific mental health funding cannot be identified under the NHA. From 2008–09 onwards, the amounts include National Perinatal Depression Plan—Payments to States. Additional categories of payments are expected to be added to this reporting category in future years, arising from new mental health measures funded under the 2011–12 Federal Budget. Note that the expenditure reported here excludes payments to states and territories for the development of subacute mental health beds made under Schedule E of the National Partnership Agreement—Improving Public Hospital Services, which will total \$175 million over the period 2010–11 to 2013–14. Mental-health specific payments for 2010–11 cannot be separately identified from payments for other categories of subacute beds made to states and territories.

National program and initiatives (DoHA managed)

This category of expenditure includes the following programs and activities:

- Initiatives funded through national mental health reform funding provided under special appropriations linked to the Australian Health Care Agreements (excluding amounts reported against Mental health specific payments to states and territories above).
- DoHA-administered programs funded by the Australian Government under the COAG Action Plan on Mental Health 2006, excluding MBS expenditure through the Better Access to Psychiatrists, Psychologists and General Practitioners initiative (this is reported against items (f) to (h) below) and the National Suicide Prevention Program (reported under (e) below). (Note: Full details of all expenditure by the Australian Government on the Action Plan initiatives can be found in COAG National Action Plan Progress Reports (www.coag.gov.au)). These include the following programs:
 - Alerting the Community to Links between Illicit Drugs and Mental Illness
 - New Early Intervention Services for Parents, Children and Young People
 - Better Access to Psychiatrists, Psychologists, GPs - Education and Training component
 - New Funding For Mental Health Nurses
 - Support for Day to Day Living program
 - Mental Health Services in Rural and Remote Areas
 - Improved Services for People with Drug and Alcohol Problems and Mental Illness
 - Funding for Telephone Counselling, Self-help and Web based Support Programmes
 - Mental Health Support for Drought Affected Communities Initiative
 - Additional Education Places, Scholarships and Clinical Training in Mental Health - Scholarships and Clinical Training components only
 - Mental Health in Tertiary Curricula
 - Improving the Capacity of Health Workers in Indigenous Communities
- National Mental Health Program
- National Depression Initiative (beyondblue)
- Better Outcomes in Mental Health Care program (including ATAPS)
- Youth Mental Health Initiative (headspace)
- Mental Health Support for Drought Affected Communities
- OATSIH Emotional & Social Wellbeing Action Plan (base mental health funding only)
- Program of Assistance for Survivors of Torture and Trauma
- National Perinatal Depression initiative (excluding mental health specific payments to states and territories include above)

National program and initiatives (FaHCSIA managed)

This refers to funding outlays on three initiatives funded by the Australian Government under the COAG Action Plan on Mental Health (*Personal Helpers and Mentors, More Respite Care Places to Help Families and Carers, Community based programmes to help families coping with mental illness*) managed by the Department of Families, Housing, Community Services and Indigenous Affairs.

National programs and initiatives (DVA managed)

Reported expenditure includes Repatriation Pharmaceutical Benefits Scheme expenditure, Repatriation Medical Benefits expenditure on general practitioners, psychiatrists and allied health providing mental health care, payment for mental health care provided in public and private hospitals for veterans, grants to the Australian Centre for Posttraumatic Mental Health and expenditure on the Vietnam Veterans Counselling Service and related mental health programs. DVA provided the following information in respect of its mental health related expenditure in 2010–11.

EXP.1: Department of Veterans Affairs mental health expenditure, 2010–11

	2010–11 (\$M)
Private hospitals	29.1
Public hospitals	29.9
Consultant psychiatrists	17.7
Vietnam Veteran's Counselling Service (salaries, contracted providers and programs)	24.1
Pharmaceuticals	34.7
Private psychologists and allied health	1.8
General practitioners	19.6
Australian Centre for Posttraumatic Mental Health	1.3
Veterans' mental health care—improving access for younger veterans	1.3
Other programs	1.4
Total	160.9

National Suicide Prevention Program

Reported expenditure includes all Australian Government allocations made under the national program, including additional funding made available under the COAG Action Plan.

Medicare Benefits Schedule—psychiatrists

Reported expenditure refers to benefits paid for all services by consultant psychiatrists processed in each of the index years. Data excludes payments made by the Department of Veterans' Affairs under the Repatriation Medical Benefits Schedule which is included in the item *National programs and initiatives (DVA managed)*.

Medicare Benefits Schedule—general practitioners

Reported expenditure includes data for the Medicare-subsidised Better Access to Psychiatrists, Psychologists and General Practitioners through the MBS initiative described above and in both the *Services provided by general practitioners* section and the *Medicare-subsidised specialised mental health services* section. However, as these new Medicare items were introduced in November 2006, the 2006–07 data do not represent a full financial year for these specific items. The data for this item before November 2006 was estimated to be 6.1% of total MBS benefits paid for GP attendances, based on data and assumptions as detailed in the *National mental health report 2010* (DoHA 2010). To incorporate these changes, GP expenditure reported for 2006–07 was based on total MBS benefits paid against these new items specific to mental health, plus 6.1% of total GP benefits paid in the period preceding the introduction of the new items (July to November 2006). For all future years, expenditure on GP mental health care is fully based solely on benefits paid against MBS Better Access mental health items, plus a small number of other items that were created in the years preceding the introduction of the Better Access initiative. The latter group of items include items that may be claimed by other medical practitioners. This provides a significantly lower expenditure figure than obtained using the 6.1% estimate of previous year because it is conservative and does not attempt to assign a cost to the range of GP mental health work that is not billed as a specific Better Access item. Comparisons of GP mental health-related expenditure reported in Table 14.19 of year prior to 2007–08 with subsequent years are therefore not valid as the apparent decrease reflects the different approach to counting GP mental health services. Data excludes Repatriation Medical Benefits expenditure on general practitioner mental health care which is included in the item *National programs and initiatives (DVA managed)*.

Medicare Benefits Schedule—psychologists/allied health

Expenditure refers to MBS benefits paid for services provided by clinical psychologists, psychologists, social workers and occupational therapists approved by Medicare, for items introduced through the Better Access to Mental Health Care initiative on 1 November 2006. Note that these items commenced 1 November 2006 and were not available for the full 2006–07 period. MBS benefits paid in relation to a small number of allied health

items introduced in 2004 under the Enhanced Primary Care program are also included, but these represent less than 1% of the overall expenditure reported.

Pharmaceutical Benefits Scheme

Refers to all Australian Government benefits for psychiatric medication in each of the index years, defined as drugs included in the following classes of the Anatomical Therapeutic Chemical Drug Classification System: antipsychotics (except prochlorperazine); anxiolytics; hypnotics and sedatives; psychostimulants; and antidepressants. In addition, expenditure on Clozapine, funded under the Highly Specialised Drugs Program, has been included for all years, requiring adjustment to the historical data. The amounts reported exclude payments made by the Department of Veterans' Affairs under the Repatriation Pharmaceutical Benefits Schedule which are included in the item National programs and initiatives (DVA managed).

Private Health Insurance Premium Rebates

Estimates of the 'mental health share' of Australian Government Private Health Insurance Rebates are derived from a combination of sources and based on the assumption that a proportion of Australian Government outlays designed to increase public take up of private health insurance have subsidised private psychiatric care in hospitals. For illustration purposes, the methodology underpinning these estimates is described below, sourced from Appendix 11 of the National Mental Health Report 2010 (DoHA 2010).

In 1997, the Australian Government passed the *Private Health Insurance Incentives Act 1997*. This introduced the Private Health Insurance Incentives Scheme (PHIIS) effective from 1 July 1997. Under the PHIIS, fixed-rate rebates were provided to low and middle-income earners with hospital and/or ancillary cover with a private health insurance fund. Those rebates could be taken in the form of reduced premiums (with the health funds being reimbursed by the Australian Government out of appropriations) or as income tax rebates, claimable after the end of the income year. On 1 January 1999, the means-tested PHIIS was replaced with a 30% rebate on premiums, which is available to all persons with private health insurance cover. As with the PHISS, the 30% rebate could be taken either as a reduced premium (with the health funds being reimbursed by the Australian Government) or as an income tax rebate.

The combined Australian Government outlays under the two schemes, and the estimated amounts spent on private hospital care for 2010–11 are as follows (current prices):

EXP.2: Estimated amounts spent on private hospital care, 2010–11

	2010–11 (\$M)
(A) Total Australian Government outlays on private health insurance subsidies	4,631
(B) Estimated component of Australian Government private health insurance subsidies spent on hospital care	2,613

Source: *Health Expenditure in Australia 2010–11*, Australian Institute of Health and Welfare, September 2011.

Estimation of the 'mental health share' of the amounts shown at (B) is based on the proportion of total private hospital revenue accounted for by psychiatric care. This assumes that if psychiatric care provided by the private hospital sector accounts for x% of revenue, then x% of the component of the Australian Government private health insurance subsidies spent by health insurance funds in paying for private hospital care is directed to psychiatric care. The estimates provided by this approach are shown below (current prices):

EXP.3: Estimated mental health share of amounts spent on private hospital care, 2010–11

	2010–11 (\$M)
Estimated component of Australian Government private health insurance subsidies spent on hospital care	2,298
Per cent of total private hospital revenue earned through the provision of psychiatric care	3.81%
Estimated 'mental health share' of Australian Government private health insurance subsidies spent on hospital care	99.5

Details of the estimation of private hospital revenue earned from psychiatric care are provided in Appendix 10 of the National Mental Health Report 2010 (DoHA 2010). Total private hospital revenue was sourced Private Hospitals Australia 2010–11, Australian Bureau of Statistics.

Research

Reported expenditure includes mental health-related grants administered by the National Health and Medical Research Council. Data were sourced from the NHMRC website:
<http://www.nhmrc.gov.au/grants/dataset/disease/mental.php>.

DoHA 2010. National mental health report 2010: summary of 15 years of reform in Australia’s mental health services under the National Mental Health Strategy 1993–2008. Canberra: Commonwealth of Australia.

Medicare Benefits Schedule data

The Department of Human Services collects data on the activity of all persons making claims through the Medicare Benefits Scheme and provides this information to DoHA. Information collected includes the type of service provided (MBS item number) and the benefit paid by Medicare for the service. The item numbers and benefits paid by Medicare are based on the *Medicare benefits schedule book* (DoHA 2011). Services that are not included in the MBS are not included in the data. The table below lists all MBS items that have been defined as mental health-related.

EXP.4: Medicare-subsidised mental health-related items

Provider	Item group	MBS Group & Subgroup	MBS item numbers
Psychiatrists	Initial consultation new patient ^(a)	Group A8	296, 297, 299
	Patient attendances—consulting room	Group A8	291 ^(a) , 293 ^(a) , 300, 302, 304, 306, 308, 310, 312, 314, 316, 318, 319
	Patient attendances—hospital	Group A8	320, 322, 324, 326, 328
	Patient attendances—other locations	Group A8	330, 332, 334, 336, 338
	Group psychotherapy	Group A8	342, 344, 346
	Interview with non-patient	Group A8	348, 350, 352
	Telepsychiatry	Group A8	353, 355, 356, 357, 358, 359 ^(b) , 361 ^(b) , 364, 366, 367, 369, 370
	Case conferencing		855, 857, 858, 861, 864, 866
	Electroconvulsive therapy ^(c)	Group T1 Subgroup 13	14224

	Referred consultation for assessment, diagnosis and development of a treatment and management plan for autism or any other pervasive developmental disorder (PDD) ^(d)	Group A8	289
General practitioners	GP Mental Health Treatment Plan—accredited	Group A20 Subgroup 1	2710 ^{(a)(f)} , 2715 ^(g) , 2717 ^(g)
	GP Mental Health Treatment Plan—non-accredited ^(a)	Group A20 Subgroup 1	2700 ^(g) , 2701 ^(g) , 2702 ^{(e)(f)}
	GP Mental Health Treatment—other	Group A20 Subgroup 1	2712 ^(a) , 2713 ^(a) , 2719 ^{(g)(h)}
	Focussed Psychological Strategies	Group A20 Subgroup 2	2721, 2723, 2725, 2727
	Family Group Therapy	Group A6	170, 171, 172
	Electroconvulsive therapy ⁽ⁱ⁾	Group T10	20104
	3 Step Mental Health Process—general practitioner ^(j)	Group A18 Subgroup 4	2574, 2575, 2577, 2578
	3 Step Mental Health Process—other medical practitioner ^(j)	Group A19 Subgroup 4	2704, 2705, 2707, 2708
Clinical psychologists	Psychological Therapy Services ^(a)	Group M6	80000, 80005, 80010, 80015, 80020
Other psychologists	Enhanced Primary Care	Group M3	10968
	Focussed Psychological Strategies (Allied Mental Health) ^(a)	Group M7	80100, 80105, 80110, 80115, 80120
	Assessment and treatment of PDD ^(c)	Group A10	82000, 82015
	Follow-up allied health service for Indigenous Australians ^(k)	Group M11	81355
Other allied health providers	Enhanced Primary Care—mental health worker	Group M3	10956
	Focussed Psychological Strategies (Allied Mental Health)—occupational therapist ^(a)	Group M7	80125, 80130, 80135, 80140, 80145
	Focussed Psychological Strategies (Allied Mental Health)—social worker ^(a)	Group M	80150, 80155, 80160, 80165, 80170

- (a) Item introduced 1 November 2006.
- (b) Item introduced 1 November 2007.
- (c) Item may include services provided by medical practitioners other than psychiatrists.
- (d) Item introduced 1 July 2008.
- (e) Item introduced 1 January 2010.
- (f) Item discontinued after 31 October 2011.
- (g) Item introduced 1 November 2011.
- (h) Item discontinued after 30 April 2012.
- (i) Item is for the initiation of anaesthesia for electroconvulsive therapy and includes services provided by medical practitioners other than GPs.
- (j) Item discontinued after 30 April 2007.
- (k) Item introduced 1 November 2008.

The MBS data presented relate to services provided on a fee-for-service basis for which MBS benefits were paid. The year is determined from the date the service was processed by Medicare, rather than the date the service was provided. The state or territory is determined according to the postcode of the patient's mailing address at the time of making the claim. In some cases, this will not be the same as the postcode of the patient's residential address.

Reference

DoHA 2011. Medicare Benefits Schedule Book, effective 1 November 2011. Canberra: Commonwealth of Australia.

Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme data

The Department of Human Services provides data on prescriptions funded through the Pharmaceutical Benefits Scheme (PBS) and Repatriation Pharmaceutical Benefits Scheme (RPBS) to DoHA. Information collected includes the characteristics of the person who is provided with the prescription, the medication prescribed (for example, type and cost), the prescribing practitioner and the supplying pharmacy (for example, location). The figures reported relate to the number of mental health-related prescriptions processed by Medicare in the reporting period, the number of people provided with the prescriptions and their characteristics, as well as the prescription costs funded by the PBS and RPBS.

Although the PBS and RPBS data capture most of the prescribed medicines dispensed in Australia, these data have the following limitations:

- They refer only to prescriptions scripted by registered medical practitioners who are approved to work within the PBS and RPBS and to paid services processed from claims presented by approved pharmacists who comply with certain conditions. They exclude adjustments made against pharmacists' claims, any manually paid claims or any benefits paid as a result of retrospective entitlement or refund of patient contributions.
- They exclude non-subsidised medications, such as private and under co-payment prescriptions (where the patient co-payment covers the total costs of the prescribed medication) and over-the-counter medications.
- The level of the co-payment increases annually and drug prices can reduce for a variety of factors (for example, patent changes), which means that some medicines that were captured in previous years might fall below the co-payment level and thus be excluded in following years.

- Programs funded by the PBS that do not use the Medicare PBS processing system include
 - most Section 100 drugs funded through public hospitals (although the pharmaceutical reform measures for public hospitals under the National Healthcare Agreement and the Chemotherapy Pharmaceutical Access Program are paid through Medicare)
 - Aboriginal health services program
 - Opiate Dependence Treatment Program
 - Special Authority Program
 - Botox (including Dysport)
 - in vitro fertilisation
 - human growth hormones.

Only one of these has a significant bearing on the mental health-related prescriptions data published in the Prescriptions and Expenditure sections: the Aboriginal health services program. Most affected are the data for *Remote* and *Very remote* areas and the data for the Northern Territory. Consequently, the mental health-related prescriptions data in these sections will not fully reflect Australian Government expenditure on mental health-related medications.

The ATC classification version used is the primary classification as it appears in the PBS Schedule of Pharmaceutical Benefits. This can differ slightly from the WHO version (WHO 2011). There are two differences between the WHO ATC classification and the PBS Schedule classification that have a bearing on mental health data. Prochlorperazine is regarded as an other antiemetic (A04AD) in the PBS Schedule while it is an antipsychotic according to the WHO classification. This means that information on prochlorperazine will not appear in the data provided as it is not classed as an N code in the PBS Schedule. Lithium carbonate on the other hand is classified as an antidepressant in the PBS Schedule while it is an antipsychotic according to the WHO classification. This means that lithium carbonate will appear in the data as an antidepressant rather than an antipsychotic (see the following table).

EXP.5: Differences between the WHO ATC classification and the PBS Schedule of Pharmaceutical Benefits classification

Drug name	WHO ATC Code	PBS Schedule Code	Scripts dispensed in 2011–12^(a)
Prochlorperazine	N05AB04	A04AD	603,540
Lithium carbonate	N05AN01	N06AX	104,754

(a) Prescriptions data using date of service basis.

Source: Drug Utilisation Sub-Committee database (DoHA).

To avoid double counting in the demographic tabulations, patients are allocated to the last category in which they appear. The category most affected by this will be age group as age is calculated at the time of supply, and patients' ages will be one year greater for prescriptions supplied after their birthday than before it.

State and territory are determined by DoHA according to the patient's residential address. If the patient's state or territory is unknown, then the state or territory of the pharmacy supplying the item is reported.

Unless otherwise indicated, the year was determined from the date the service was processed by Medicare, rather than the date of prescribing or the date of supply by the pharmacy.

Drug Utilisation Sub-Committee (DUSC) database

PBS and RPBS data do not cover non-subsidised mental health-related prescriptions. However, using data from the DUSC-sponsored Pharmacy Guild survey—an ongoing survey of community pharmacies (DoHA 2012)—it is possible to estimate the non-subsidised use of mental health-related prescription

medicines in the Australian community. The survey data are combined with the actual PBS and RPBS counts from Medicare in the DUSC database.

Note that information from the DUSC database is based on the date of supply of prescription. This differs from information presented elsewhere in this section that used the date the service was processed by Medicare. Therefore, the PBS and RPBS mental health-related prescriptions data will not exactly match those presented elsewhere in this section and any comparisons with previous figures should be made with caution.

From 1 April 2012, under co-payment prescription data is supplied directly to the Department of Human Services (DHS 2013). That is, the DUSC-sponsored Pharmacy Guild survey ceased to be the source of under co-payment prescription data. This permits a more accurate count of this data, similar in quality to that of PBS and RPBS data. Therefore, time series data should be interpreted with caution as the previous survey methodology may be an underestimate of the volumes of under co-payment prescriptions.

Reference

WHO (World Health Organization) 2011. ATC: Structure and principles. Oslo: WHO Collaborating Centre for Drug Statistics Methodology. Viewed March 2013, http://www.whocc.no/atc/structure_and_principles/

DHS (Department of Human Services) 2013. Collection of under co-payment prescription data, Canberra: Commonwealth of Australia. Viewed 26 March 2013, <http://www.medicareaustralia.gov.au/provider/pbs/pharmacists/collection_of_under_co-payment_prescription_data.jsp>.

Key concepts

Expenditure on mental health services

Key Concept	Description
Average cost per patient day	Average cost per patient day is determined by dividing the total recurrent expenditure of the specialised mental health service by the total number of patient days as presented in the Specialised mental health care facilities section.
Constant price	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 2012).
Current price	Current price refers to expenditures reported for a particular year, unadjusted for inflation. Changes in current price expenditure reflect changes in both price and volume (AIHW 2012).
Health expenditure	Health expenditure is reported in terms of who incurs the expenditure rather than who ultimately provides the funding. 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, and so forth) are incurred by the states and territories, but a proportion of those expenditures are funded by transfers from the Australian Government (AIHW 2012).
Health funding	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 2012). The national recurrent expenditure on all mental health-related services can be estimated by combining funding from three sources: <ul style="list-style-type: none">• state and territory contributions to specialised mental health services• Australian government expenditure on mental health-related services and contributions to specialised mental health services• private health insurance fund component estimated by the Department of Health and Ageing (DoHA).

Patient days **Patient days** are days of admitted patient care provided to admitted patients in public psychiatric hospitals or specialised psychiatric units or wards in public acute hospitals and in residential mental health services. The total number of patient days is reported by specialised mental health service units. For consistency in data reporting, the following patient day data collection guidelines apply: admission and discharge on the same day equals one day; all days are counted during a period of admission except for the day of discharge; and leave days are excluded from the total. Note that the number of patient days reported to the National Mental Health Establishments Database is not directly comparable with the number of patient days reported to neither the National Hospital Morbidity Database (Admitted patient mental health-related care section) nor the number of residential care days reported to the National Residential Mental Health Care Database (Residential mental health services section)

Recurrent expenditure **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 2012).

Program type Public sector specialised mental health hospital services can be categorised based on **program type**, which describes the principal purpose(s) of the program rather than the classification of the individual patients. *Acute* care admitted patient programs involve short-term treatment for individuals with acute episodes of a mental disorder, characterised by recent onset of severe clinical symptoms that have the potential for prolonged dysfunction or risk to self and/or others. *Non-acute* care refers to all other admitted patient programs, including rehabilitation and extended care services (see METeOR identifier [288889](#)).

Target population Some specialised mental health services data are categorised using five **target population** groups (see METeOR identifier [445778](#)):

- *Child and adolescent* services focus on those aged under 18 years.
- *Youth* services focus on those aged 16–24 years.
- *Older person* programs focus on those aged 65 years and over.
- *Forensic* health services provide services primarily for people whose health condition has led them to commit, or be suspected of, a criminal offence or make it likely that they will reoffend without adequate treatment or containment.
- *General* provides services to the adult population, aged 18 to 64, however, these services may also provide assistance to children, adolescents or older people.

Note that, in some states, specialised mental health beds for aged persons are jointly funded by the Australian and state and territory governments. However, not all states or territories report such jointly funded beds through the National Mental Health Establishments Database.

Reference

AIHW 2012. Health expenditure Australia 2010–11. Health and welfare expenditure series no. 47. Cat. no. HWE 56. Canberra: AIHW.