

14 Expenditure on mental health services

14.1 Introduction

This chapter reviews the available information on expenditure for mental health services, commencing with expenditure on state and territory government-operated mental health facilities. Information is then provided on expenditure for mental health-related services under the Medicare Benefits Schedule (MBS) and mental health-related expenditure under the Pharmaceutical Benefits Scheme (PBS) and the Repatriation Pharmaceutical Benefits Scheme (RPBS) and grants and expenditure by the Australian Government. Data on expenditure and funding are derived from a variety of sources, as outlined in Appendix 1. Further information on health expenditure is available in *Health expenditure Australia 2005–06* (AIHW 2007c).

Health expenditure and *health funding* are distinct but related concepts, essential to understanding the financial resources utilised 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 2007c).

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 2007c).

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 2007c).

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 2007c).

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 2007c).

Funding for health products and services is derived from both government and non-government sources, depending on the type of good or service provided. The Australian Government, for example, funds the majority of Medicare services. These services include those provided by general practitioners, medical specialists and other professionals (usually in private practices), aged residential care and pharmaceuticals, for which benefits were paid under the PBS and 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.

Responsibility for funding public hospitals and public health activities is shared by the Australian Government and the states and territories, while state and territory governments provide the main funding for other health services, including 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 majority of funding for incidentals, including over-the-counter pharmaceuticals, dental and other professional services and private hospital services.

14.2 Recurrent expenditure on state and territory specialised mental health services

Expenditure data for public psychiatric hospitals, public acute hospitals with a specialised psychiatric unit or ward, community mental health services, government and non-government-operated residential mental health services are reported in this section, with the data for 2001–02 to 2005–06 summarised in Table 14.2. Expenditure for non-government-operated residential mental health services refers only to the funding provided by state and territory governments, not to the total expenditure of the non-government-operated organisation. The data are presented in both *current* and *constant prices*. Unless otherwise stated, constant price estimates are expressed in 2005–06 prices. For information on the scope of facilities included in this chapter and details on the number of services, available beds and staffing, refer to Chapter 12 of this report.

This section draws on data from the National Mental Health Establishments Database and for historical data, the National Mental Health Reports, published by the Australian Government Department of Health and Ageing. For further information on these data sources see Appendix 1.

Total expenditure on state and territory specialised mental health services across all jurisdictions increased on average by 5.2% per year over the 2001–02 to 2005–06 period to \$2,742 million (Table 14.1). A breakdown of total expenditure reveals that in 2005–06, recurrent expenditure by public psychiatric hospitals was estimated at \$434 million, increasing on average by 4.3% per year over the 2001–02 to 2005–06 period. Public acute hospitals with a specialised psychiatric unit or ward and community mental health services experienced considerable annual average increases in expenditure of 10.2% and 9.6%, respectively. Expenditure for residential mental health facilities (including non-government-organisations in receipt of government funding) in 2005–06 was estimated at \$177 million, an average annual increase of 7.1% (Table 14.2).

Table 14.1: Recurrent expenditure (\$'000) for state and territory public sector mental health services, 2005–06^(a)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Public psychiatric hospitals									
Salaries and wages expenditure	135,387	20,834	46,523	46,259	58,246	..	..	..	307,248
Non-salary expenditure	41,586	9,326	17,070	12,449	20,771	..	..	..	101,202
Indirect expenditure share ^(c)	12,507	1,959	3,711	3,009	4,041	..	..	..	25,227
<i>Total recurrent expenditure</i>	<i>189,480</i>	<i>32,119</i>	<i>67,303</i>	<i>61,716</i>	<i>83,058</i>	<i>..</i>	<i>..</i>	<i>..</i>	<i>433,677</i>
Specialised psychiatric units or wards in public acute hospitals									
Salaries and wages expenditure	190,171	134,442	128,580	72,939	26,968	12,565	4,716	6,417	576,797
Non-salary expenditure	63,205	45,624	36,657	14,262	7,856	6,611	2,856	1,616	178,685
Indirect expenditure share ^(c)	17,907	11,693	9,642	4,469	1,781	2,012	1,314	2,295	51,112
<i>Total recurrent expenditure</i>	<i>271,282</i>	<i>191,759</i>	<i>174,879</i>	<i>91,670</i>	<i>36,604</i>	<i>21,188</i>	<i>8,885</i>	<i>10,327</i>	<i>806,594</i>
Community mental health services									
Salaries and wages expenditure	223,332	185,583	116,043	103,530	55,571	14,399	14,687	7,247	720,391
Non-salary expenditure	66,081	66,864	35,471	33,310	18,341	6,831	5,577	2,411	234,887
Indirect expenditure share ^(c)	20,454	16,394	8,841	7,014	3,780	2,228	3,516	2,759	64,984
<i>Total recurrent expenditure</i>	<i>309,866</i>	<i>268,841</i>	<i>160,355</i>	<i>143,853</i>	<i>77,692</i>	<i>23,458</i>	<i>23,780</i>	<i>12,417</i>	<i>1,020,261</i>
Residential mental health services^(d)									
Salaries and wages expenditure	18,806	83,569	..	3,620	1,961	7,856	2,952	153	118,916
Non-salary expenditure	4,419	30,586	..	1,277	621	6,526	2,302	115	45,847
Indirect expenditure share ^(c)	1,641	7,413	..	251	132	1,509	911	77	11,934
<i>Total recurrent expenditure</i>	<i>24,866</i>	<i>121,569</i>	<i>..</i>	<i>5,148</i>	<i>2,714</i>	<i>15,890</i>	<i>6,165</i>	<i>344</i>	<i>176,697</i>
Other expenditure									
Grants to non-government organisations ^(e)	31,744	62,107	25,347	16,474	14,686	1,690	5,136	3,088	160,272
Other indirect expenditure	64,155	32,200	26,764	7,234	5,140	4,971	2,219	2,048	144,731
Total state/territory expenditure	891,394	708,596	454,648	326,096	219,894	67,197	46,185	28,223	2,742,232

(a) Data may differ from previous years as a consequence of changes to jurisdictional reporting and definitions.

(b) Public psychiatric hospital expenditure in WA includes two public funded private hospitals.

(c) Indirect expenditure was apportioned based on the proportion of total expenditure at the service setting level (the categories in bold).

(d) Residential mental health services include non-government-operated residential mental health facilities in receipt of government funding.

(e) Non-government-operated expenditure excludes staffed residential services managed by non-government organisations in receipt of government funding. These are included in residential.

NB: Total recurrent expenditure excludes depreciation. Totals may not add due to rounding.

.. Not applicable.

Source: National Mental Health Establishments Database.

Table 14.2: Recurrent expenditure (\$'000) for state and territory public sector mental health services, 2001–02 to 2005–06

	2001–02	2002–03	2003–04	2004–05	2005–06 ^(b)	Average annual change (per cent)
Public psychiatric hospitals	366,651	380,409	412,884	429,667	433,677	4.3
Public acute hospitals with a specialised psychiatric unit or ward	546,041	605,687	661,106	737,352	806,594	10.2
Community mental health services	706,853	774,960	836,113	922,187	1,020,261	9.6
Residential mental health services ^(c)	134,452	146,955	150,802	157,800	176,697	7.1
Grants to non-government-organisations ^(d)	100,001	103,405	111,351	129,524	160,272	12.5
Other indirect expenditure	89,656	103,361	116,262	126,113	144,731	12.7
Total state/territory expenditure (current prices)	1,943,654	2,114,777	2,288,517	2,502,644	2,742,232	9.0
Total state/territory expenditure (constant prices) ^(e)	2,239,863	2,358,504	2,466,788	2,606,862	2,742,232	5.2

(a) Expenditure excludes depreciation.

(b) 2005–06 public psychiatric hospital expenditure in WA includes two publicly funded private hospitals.

(c) Residential mental health services include non-government-operated residential mental health facilities in receipt of government funding.

(d) Grants to non-government-organisations expenditure excludes staffed residential services managed by non-government organisations in receipt of government funding. These are included in residential.

(e) Constant prices are referenced to 2005–06 and are adjusted for inflation.

Source: National Mental Health Establishments Database and National Mental Health Report (DoHA 2005 and 2008b).

Table 14.3 includes a more detailed analysis of source of funds for public sector specialised mental health services. This breakdown includes:

- State and territory funds;
- Australian Government funding, including:
- National Mental Health Strategy grants made under the Australian Health Care Agreements;
- other health care grants provided under the Australian Health Care Agreements;
- funds allocated under the Commonwealth/State-Territory Disability Agreement;
- nursing home and hostel subsidies;
- grants and payments made by the Department of Veterans' Affairs for mental health care of veterans made as part of the transfer of previously owned Australian Government repatriation hospitals to state ownership;
- other Australian Government grants for specific mental health purposes; and
- other and patient revenue and recoveries (DoHA 2007).

In 2005–06, 93.4% (\$2,560 million) of funds for specialised mental health services were provided by state or territory governments, a further 4.4% (\$121 million) was from the Australian Government, with the remaining 2.2% (\$60 million) sourced from patient and other revenues and recoveries (Table 14.2). State and territory funding increased by 11.5% on 2004–05 figures (up from \$2,296 million) and Australian Government funding increased by 12.6%, up from \$108 million in 2004–05.

Table 14.3: Source of funding for specialised mental health service (\$'000), states and territories, 2005–06

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(a)
State/Territory funds ^(b)	836,151	648,679	426,130	311,978	205,204	61,913	43,808	26,400	2,560,262
Australian Government funds									
National Mental Health Strategy ^(c)	21,619	17,104	13,290	7,251	5,056	1,861	1,396	1,466	69,042
Department of Veterans' Affairs ^(d)	8,759	8,462	893	1,655	3,113	156	151	0	23,188
Other Australian Government funds	265	18,605	4,434	2,085	2,520	824	212	304	29,250
Total Australian Government funds	30,643	44,171	18,617	10,991	10,689	2,841	1,759	1,770	121,480
Other revenue ^(e)	24,599	15,746	9,901	3,126	4,002	2,443	618	54	60,490
Total funds	891,394	708,596	454,648	326,096	219,894	67,197	46,185	28,223	2,742,232

(a) Totals may not add due to rounding.

(b) Excludes depreciation and specified Australian Government funding sources. Values are derived by subtracting Total Australian Government funds and Other revenue from Total funds.

(c) Actual payments to states and territories by the Australian Government for mental health reform under the Australian Health Care Agreements.

(d) Actual payments to states and territories, as estimated by the Department of Veterans' Affairs.

(e) Other and patient revenue and recoveries.

Source: National Mental Health Establishments Database (State/Territory funds, other Australian Government funds and other revenue) and unpublished Department of Health and Ageing data (National Mental Health Strategy and Department of Veterans' Affairs).

14.3 Private psychiatric hospital expenditure

Expenditure information is available for private psychiatric hospitals, 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. It must be emphasised that these figures do not include expenditure on psychiatric units co-located in private hospitals. In 2005–06, total recurrent expenditure for these facilities was \$177 million (Table 14.4). Real growth in expenditure for private psychiatric hospitals, over the period 2001–02 to 2005–06, averaged 1.5% per year (Table 14.5).

Table 14.4: Private psychiatric hospital expenditure (\$'000), states and territories, 2005–06

	NSW	Vic	Qld	WA	SA	Tas	Total
Salaries and wages expenditure	34,173	30,563	20,380	n.a.	n.a.	n.a.	99,413
Non-salary expenditure	23,189	21,260	11,333	n.a.	n.a.	n.a.	69,899
Total recurrent expenditure^(a)	58,099	52,379	31,972	n.a.	n.a.	n.a.	176,781

(a) The recurrent expenditure totals may not add due to rounding.

n.a. Not available, but included in totals.

Source: Private Health Establishments Collection (ABS).

Table 14.5: Private psychiatric hospital expenditure (\$'000), 2001–02 to 2005–06

	2001–02	2002–03	2003–04	2004–05	2005–06	Average annual change (per cent)
Total expenditure (current prices)	143,653	158,529	162,066	168,490	176,781	5.3
Total expenditure (constant prices) ^(e)	166,402	177,489	175,209	175,870	176,781	1.5

Source: Private Health Establishments Collection (ABS).

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

Prior to November 2006, specific mental health-related Medicare items were limited to services provided by psychiatrists. However, changes to the Medicare system under the *Better Access* initiative resulted in new item numbers aimed at improving the early intervention, assessment and management of patients with mental disorders, as well as to provide new referral pathways to clinical psychologist and allied mental health service providers (Council of Australian Governments 2006a).

This section outlines the Australian Government's funding through the MBS for mental health services provided by consultant psychiatrists, general practitioners, psychologists and other allied health professionals for the financial years 2001–02 to 2006–07 (Appendix 1 provides further information on data quality, coverage and other aspects of the Medicare data).

In 2006–07, \$351 million was paid in benefits for MBS-subsidised mental health-related services (Table 14.6); this represents 3.0% of total Medicare benefits expenditure (\$11,735 million). For Australia as a whole, benefits paid for these services averaged \$16.83 per capita in 2006–07. The average benefits paid per capita in Victoria and South Australia were above the national average, while those in the Northern Territory were substantially lower, at \$3.72 per capita.

The majority of the \$351 million was spent on patient attendances in consulting rooms (\$207 million or 58.9%). The new Medicare items associated with the GP Mental Health Care Plans accounted for 17.8% of total mental health-related benefits expenditure, followed by services provided by psychologists (14.8%). Expenditure on the new MBS items, particularly through General Practitioners and Psychologists, is illustrated in Table 14.7.

Prior to 2006–07, the average annual rate of change for total MBS expenditure in current prices was 4.3% (2002–03 to 2005–06). However, expenditure in 2006–07 increased 56.0% on the previous year, reflecting the introduction of the new items. It should be noted that the only item numbers experiencing a decline in expenditure relate to the 3 Step Mental Health Process, which was replaced by GP Mental Health Care Plans in November 2006.

It is important to note that analysis of BEACH data reveals an estimated 90% of mental health-related General Practitioner items were billed as *surgery consultations* and not as mental health-related items under the Medicare *Better Access* program. For further information on this issue, see Section 2.3 of this report.

Table 14.6: Australian Government Medicare expenditure (\$'000) on mental health-related services, by item group^(a), states and territories, 2006–07^(b)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Consultant psychiatrists									
Patient attendances – Consulting room	67,251	69,937	33,080	11,016	19,515	3,226	2,291	357	206,674
Patient attendances – Hospital	4,550	5,597	4,280	1,697	1,093	747	124	19	18,109
Patient Attendances – Other locations	1,198	480	113	53	119	9	7	4	1,984
Group psychotherapy	756	1,253	201	56	42	66	5	0	2,378
Interview with non-patient	164	196	146	53	46	13	5	1	623
Telepsychiatry	38	6	18	3	1	0	2	0	68
Case conferencing	12	55	3	6	8	3	1	0	88
Electroconvulsive therapy ^(c)	212	215	233	68	67	31	0	5	831
<i>Subtotal</i>	<i>74,180</i>	<i>77,739</i>	<i>38,072</i>	<i>12,953</i>	<i>20,892</i>	<i>4,097</i>	<i>2,435</i>	<i>387</i>	<i>230,755</i>
General practitioners									
GP Metal Health Care Plans ^(d)	21,763	18,343	10,649	9,190	9,190	1,296	829	253	62,323
Focused Psychological Strategies	1,377	937	748	162	338	54	15	9	3,639
3 Step Mental Health Process	406	268	158	92	83	16	14	7	1,044
<i>Subtotal</i>	<i>23,546</i>	<i>19,548</i>	<i>11,556</i>	<i>9,445</i>	<i>9,610</i>	<i>1,366</i>	<i>858</i>	<i>269</i>	<i>67,006</i>
Psychologists									
Psychological Therapy ^(d)	6,714	6,168	1,974	3,989	1,110	658	318	43	20,974
Focused Psychological Strategies ^(d)	9,905	11,263	6,176	1,274	1,245	607	406	84	30,961
<i>Subtotal</i>	<i>16,619</i>	<i>17,431</i>	<i>8,150</i>	<i>5,263</i>	<i>2,356</i>	<i>1,265</i>	<i>724</i>	<i>128</i>	<i>51,936</i>
Other providers									
3 Step Mental Health Process (Other Medical Providers)	6	12	3	1	1	0	0	0	24
Focused Psychological Strategies (Occupational Therapists) ^(d)	37	46	25	28	22	11	1	0	170
Focused Psychological Strategies (Social Workers) ^(d)	423	285	216	74	77	10	1	7	1,093
<i>Subtotal</i>	<i>467</i>	<i>343</i>	<i>244</i>	<i>102</i>	<i>101</i>	<i>21</i>	<i>2</i>	<i>7</i>	<i>1,287</i>
Total expenditure in current prices (\$'000)	114,805	115,049	58,019	23,976	27,553	6,748	4,019	790	350,984
Per capita (\$) ^(e)	16.75	22.27	14.04	11.52	17.49	13.73	11.94	3.72	16.83

(a) See the Medicare Benefits Schedule data section of Appendix 1 for a listing of these item groups.

(b) Any apparent discrepancies in totals are due to rounding to nearest \$'000.

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

(d) New mental health-related MBS items commenced November 2006.

(e) Crude rate based on the preliminary Australian estimated resident population at 31 December 2006.

Source: Medicare data (DoHA).

Table 14.7: Australian Government Medicare expenditure (\$'000) on mental health-related services, by item group^(a), 2002–03 to 2006–07^(b)

Description	2002–03	2003–04	2004–05	2005–06	2006–07	Average annual change (per cent)
Consultant psychiatrists						
Patient attendances – Consulting room	178,867	181,868	193,820	198,057	206,674	3.7
Patient attendances – Hospital	13,964	14,826	15,321	17,046	18,109	6.7
Patient Attendances – Other locations	1,571	1,538	1,601	1,772	1,984	6
Group psychotherapy	2,185	2,120	2,325	2,470	2,378	2.1
Interview with non-patient	199	208	250	290	623	33.1
Telepsychiatry	2	19	24	41	68	144.6
Case conferencing	9	39	62	85	88	74.5
Electroconvulsive therapy ^(c)	695	671	704	819	831	4.6
<i>Subtotal</i>	<i>197,492</i>	<i>201,290</i>	<i>214,106</i>	<i>220,579</i>	<i>230,755</i>	<i>4</i>
General practitioners						
GP Mental Health Care Plans ^(d)	..	..	..	..	62,323	..
Focused Psychological Strategies	210	1,328	2,131	2,828	3,639	103.9
3 Step Mental Health Process	397	725	962	1,658	1,044	27.4
<i>Subtotal</i>	<i>607</i>	<i>2,053</i>	<i>3,093</i>	<i>4,486</i>	<i>67,006</i>	<i>..</i>
Psychologists						
Psychological Therapy ^(d)	..	..	..	..	20,974	..
Focused Psychological Strategies ^(d)	..	..	..	..	30,961	..
<i>Subtotal</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>51,936</i>	<i>..</i>
Other providers						
3 Step Mental Health Process (Other Medical Providers)	16	37	43	43	24	10.1
Focused Psychological Strategies (Occupational Therapists) ^(c)	..	..	..	..	170	..
Focused Psychological Strategies (Social Workers) ^(c)	..	..	..	..	1,093	..
<i>Subtotal</i>	<i>16</i>	<i>37</i>	<i>43</i>	<i>43</i>	<i>1,287</i>	<i>..</i>
Total expenditure in current prices (\$'000)	198,100	203,343	217,199	225,065	350,984	15.4
Total expenditure in constant prices (\$'000) ^(e)	225,509	220,626	225,767	225,065	334,609	10.4
Per capita (constant prices) (\$) ^(f)	11.40	11.02	11.14	10.95	16.05	8.90

(a) See the Medicare Benefits Schedule data section of Appendix 1 for a listing of these item groups.

(b) Any apparent discrepancies in totals are due to rounding to nearest \$'000.

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

(d) New mental health-related MBS items commenced November 2006.

(e) Constant prices are referenced to the 2005–06 and are adjusted for inflation.

(f) Crude rate based on the preliminary Australian estimated resident population at 31 December 2006.

.. Not applicable.

Source: Medicare data (DoHA).

14.5 Australian Government expenditure on mental health-related medications

In 2006–07, 183 million claims were processed under the PBS and RPBS for prescribed medications. The total benefits paid for these claims, excluding patient contributions, were \$6,194 million (Medicare Australia 2007a). Of this, 10.8% (\$670 million) was spent on mental health-related medications. For further information on data quality, coverage and other aspects of the PBS/RPBS database refer to Appendix 1.

Almost three-quarters (74.0%) of the expenditure on mental health-related medications was for prescriptions issued by general practitioners. This was followed by prescriptions written by psychiatrists (19.9%), with non-psychiatrist specialists' prescriptions accounting for the remaining 6.1% (Table 14.8).

In 2006–07, prescriptions for antipsychotics and antidepressants accounted for the majority of mental health-related PBS/RPBS expenditure (48.6% and 44.7%, respectively), followed by prescriptions for anxiolytics (2.4%), hypnotics and sedatives (1.6%) and psychostimulants (0.8%) (Table 14.8). Other medications prescribed by psychiatrists accounted for 1.9% of the expenditure on mental health-related prescriptions. For further information on mental health-related medications, see Section 11.1 of this report.

Table 14.8: Australian Government expenditure (\$'000) on mental health-related medications subsidised under the PBS/RPBS, by type of medication prescribed^(a) and medical practitioner, 2006–07

	Anti- psychotics (N05A)	Anxiolytics (N05B)	Hypnotics and sedatives (N05C)	Anti- depressants (N06A)	Psychostimulants (N06B)	Other ^(b)	Total	Total (per cent)
General practitioners	213,505	14,507	10,065	255,153	891	..	494,120	74.0
Non-psychiatrist specialists	31,835	348	299	7,947	3,052	..	43,481	6.1
Psychiatrists	80,813	1,177	264	36,775	1,213	12,567	132,810	19.9
Total	326,153	16,031	10,628	299,876	5,156	12,567	670,411	
Total (per cent)	48.6	2.4	1.6	44.7	0.8	1.9		100

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

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

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

From a benefits paid perspective, the cost to the Australian Government of subsidising mental health-related prescriptions under the PBS/RPBS in 2006–07 (\$670 million) was equivalent to \$32.15 per capita (Table 14.9). The average benefits paid in South Australia, Victoria and Tasmania were above the national average, while those paid in the Northern Territory and the Australian Capital Territory were markedly below the national average. This is consistent with the distribution of prescriptions outlined in more detail in Chapter 9.

Table 14.9: Australian Government 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, 2006–07^(b)

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
Antipsychotics (N05A)									
General practitioners	72,931	59,844	36,075	16,855	19,809	4,678	2,501	812	213,505
Non-psychiatrist specialists	6,315	13,395	6,149	3,420	1,432	438	270	415	31,835
Psychiatrists	27,665	24,067	13,960	4,461	7,560	1,394	1,508	198	80,813
Subtotal	106,911	97,306	56,185	24,736	28,801	6,510	4,279	1,425	326,153
Anxiolytics (N05B)									
General practitioners	3,926	4,389	2,906	1,062	1,376	702	116	31	14,507
Non-psychiatrist specialists	88	111	70	31	35	8	3	1	348
Psychiatrists	266	444	249	66	109	32	8	2	1177
Subtotal	4,280	4,945	3,225	1,159	1,520	742	127	34	16,031
Hypnotics and sedatives (N05C)									
General practitioners	3,159	2,545	1,974	963	958	365	78	23	10,065
Non-psychiatrist specialists	85	90	62	33	21	4	2	1	299
Psychiatrists	60	61	68	28	36	5	5	0	264
Subtotal	3,304	2,696	2,104	1,025	1,015	373	86	24	10,628
Antidepressants (N06A)									
General practitioners	75,827	64,343	54,119	26,839	22,224	7,942	3,056	803	255,153
Non-psychiatrist specialists	1,947	2,421	1,772	1,103	460	134	73	38	7,947
Psychiatrists	10,164	10,622	8,065	3,417	3,211	874	375	47	36,775
Subtotal	87,938	77,386	63,956	31,359	25,894	8,950	3,504	888	299,876
Psychostimulants, agents used for ADHD and nootropics (N06B)									
General practitioners	179	72	334	172	89	22	14	8	891
Non-psychiatrist specialists	1,179	689	389	462	155	128	32	17	3,052
Psychiatrists	285	143	119	516	95	23	30	1	1,213
Subtotal	1,644	904	842	1,150	340	173	77	26	5,156
Other medications prescribed by psychiatrists^(c)									
Psychiatrists	3,691	3,892	2,799	910	912	187	139	37	12,567
Total expenditure									
Expenditure in current prices (\$'000)	207,769	187,128	129,111	60,339	58,483	16,935	8,211	2,435	670,411
Per capita (\$) ^(d)	30.31	36.23	31.25	29.00	37.12	34.44	24.41	11.45	32.15
Total cost of Clozapine (Government cost plus patient contribution)									
Clozapine (\$'000) ^(e)	11,100	11,148	6,544	2,764	2,509	779	424	202	35,470

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

(b) Any apparent discrepancies in totals are due to rounding to nearest \$'000.

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

(d) Total expenditure excludes Clozapine. Crude rate based on the Australian estimated resident population at 31 December 2006.

(e) Clozapine is a Section 100, atypical antipsychotic. Total cost equals Government cost plus patient contribution. A component of this usage data may relate to drugs distributed in earlier claim periods for which details were submitted late.

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

PBS/RPBS expenditure for medications prescribed by psychiatrists accounted for \$133 million in 2006–07. About 97.0% (\$129 million) of this was for medications pertaining to the central nervous system (including antipsychotics, anxiolytics, hypnotics and sedatives, antidepressants and psychostimulants), while the remainder (3.0%, or \$4 million) was for other medications (Table 14.10).

Table 14.10: Australian Government expenditure (\$'000) on medications prescribed by psychiatrists subsidised under the PBS/RPBS, by type of medication prescribed,^(a) states and territories, 2006–07

ATC code		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total
N	Central nervous system									
N05A	Antipsychotics	27,665	24,067	13,960	4,461	7,560	1,394	1,508	198	80,814
N05B	Anxiolytics	266	444	249	66	109	32	8	2	1,177
N05C	Hypnotics and sedatives	60	61	68	28	36	5	5	0	264
N06A	Antidepressants	10,164	10,622	8,065	3,417	3,211	874	375	47	36,776
N06B	Psychostimulants, agents for ADHD and nootropics	285	143	119	516	95	23	30	1	1,213
	<i>Subtotal</i>	38,440	35,337	22,462	8,488	11,011	2,328	1,927	249	120,244
	Other N Code	2,444	2,880	1,807	591	608	121	83	26	8,559
Total N Code		40,884	38,217	24,269	9,079	11,619	2,449	2,010	275	128,803
	Other Codes									
A	Alimentary tract and metabolism	296	259	238	68	69	21	11	2	963
B	Blood and blood-forming organs	20	23	26	10	11	2	1	1	95
C	Cardiovascular system	438	328	319	105	108	23	20	5	1,347
D	Dermatologicals	8	5	6	4	1	0	0	0	25
G	Genitourinary system and sex hormones	160	104	186	50	36	4	7	1	548
H	Systemic hormonal preparations, excluding sex hormones	21	21	22	8	9	2	0	0	84
J	General anti-infectives for systematic use	48	54	52	16	14	2	6	1	192
L	Antineoplastic and immunomodulating agents	70	30	20	9	16	0	1	0	147
M	Musculoskeletal system	60	80	48	15	12	5	3	1	226
P	Antiparasitic products	0	0	0	0	0	0	0	0	0
R	Respiratory system	102	86	62	27	24	5	5	1	312
S	Sensory organs	13	12	8	4	3	0	0	0	42
	Other ^(b)	10	9	6	3	1	0	0	0	29
	<i>Subtotal</i>	1,247	1,012	993	320	305	65	56	11	4,009
Total expenditure (\$'000)		42,132	39,229	25,261	9,399	11,924	2,514	2,065	286	132,812
Per capita (\$) ^(c)		6.15	7.59	6.11	4.52	7.57	5.11	6.14	1.35	6.37

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

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

(c) Crude rate based on the Australian estimated resident population at 31 December 2006.

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

Table 14.11: Australian Government expenditure (\$'000) on mental health-related medications subsidised under the PBS/RPBS, by type of medication prescribed^(a) and type of medical practitioner, 2002–03 to 2006–07

ATC group (code)	2002–03	2003–04	2004–05	2005–06	2006–07	Average annual change (per cent)
Antipsychotics (N05A)						
General practitioners	140,041	154,954	170,418	194,903	213,505	11.1
Non-psychiatrist specialists	13,272	16,777	20,057	27,670	31,835	24.4
Psychiatrists	54,313	57,327	65,483	75,987	80,813	10.4
<i>Subtotal</i>	207,626	229,058	255,958	298,559	326,153	12.0
Anxiolytics (N05B)						
General practitioners	15,199	15,296	14,845	14,329	14,507	-1.2
Non-psychiatrist specialists	328	333	335	342	348	1.5
Psychiatrists	1,248	1,229	1,205	1,167	1,177	-1.4
<i>Subtotal</i>	16,775	16,858	16,385	15,838	16,031	-1.1
Hypnotics and sedatives (N05C)						
General practitioners	12,430	12,000	11,185	10,353	10,065	-5.1
Non-psychiatrist specialists	348	347	322	305	299	-3.8
Psychiatrists	308	311	290	269	264	-3.7
<i>Subtotal</i>	13,086	12,658	11,797	10,927	10,628	-5.1
Antidepressants (N06A)						
General practitioners	253,546	279,733	285,731	255,732	255,153	0.2
Non-psychiatrist specialists	7,859	8,922	8,826	8,123	7,947	0.3
Psychiatrists	40,046	42,081	41,559	38,052	36,775	-2.1
<i>Subtotal</i>	301,451	330,736	336,116	301,907	299,876	-0.1
Psychostimulants, agents used for ADHD and nootropics (N06B)						
General practitioners	621	611	639	735	891	9.4
Non-psychiatrist specialists	2,173	2,057	1,886	2,268	3,052	8.9
Psychiatrists	1,248	1,354	1,308	1,208	1,213	-0.7
<i>Subtotal</i>	4,042	4,022	3,833	4,211	5,156	6.3
Other^(b)						
Psychiatrists	11,600	12,553	13,131	12,977	12,567	2.0
Total expenditure in current prices (\$'000)^(c)	554,579	605,885	637,219	644,420	670,411	4.9
Total expenditure in constant prices (\$'000) ^(c)	557,068	608,094	638,557	644,420	668,908	4.7
Per capita (constant prices, \$)^(d)	28.17	30.37	31.51	31.35	32.08	3.3
Clozapine						
Clozapine (\$'000)^(e)	26,276	28,663	30,091	33,462	35,470	7.8

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

(b) Includes other N codes as well as other ATC medication, as presented in Table 14.8. Data for other ATC groups prescribed by GPs and non-psychiatrist specialists 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 2005–06 and are adjusted for inflation.

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

(e) Clozapine is a Section 100, atypical antipsychotic. Total cost equals Government cost plus patient contribution. A component of these data may relate to drugs distributed in earlier claim periods for which details were submitted late.

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

Overall, expenditure on medications prescribed by psychiatrists under the PBS/RPBS averaged \$6.37 per capita in 2006–07. The average benefits paid per capita for mental health 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. Real growth in expenditure (constant prices) averaged 4.7% per year between 2002–03 and 2006–07 (Table 14.11). Per capita, this represents an average growth rate of 3.3% per year over the period. These rises can be largely attributed to the increase in expenditure on antipsychotics, which has seen an average annual rate of change of 12.0% over 2002–03 to 2006–07.

Expenditure on antidepressants saw an initial increase of 11.3% over the 2002–03 to 2004–05 period, followed by a marked decline of 9.0% in 2005–06. The number of antidepressant prescriptions decreased by 3.5% in 2005–06 (see Chapter 11, Table 11.4). Their levels in 2006–07 remained similar to previous years.

Expenditure on psychostimulants had an average annual rate of change of 6.3% over the past five years, though the values remain relatively small (\$5.2 million in 2006–07), while expenditure on prescriptions for hypnotics and sedatives, anxiolytics and other medications remained stable.

For the first time in this report, data have been included on the cost of Clozapine, an atypical antipsychotic, which is a highly specialised drug provided under *Section 100* of the *National Health Act 1953*. Due to the nature of reporting Section 100 medications, the values in Tables 14.7 and 14.9 reflect government cost plus patient contributions, so they are therefore not directly comparable with the PBS-listed medications.

The expenditure on Clozapine has been increasing steadily over the 2002–03 to 2006–07 period, from \$26.3 to \$35.5 million, respectively, with an average annual rate of change of 7.8%.

14.6 Australian Government expenditure

Expenditure on Medicare-subsidised mental health services and medications provided through the PBS, described in the preceding sections, accounted for 74% of the total \$1,474 million spending on mental health by the Australian Government in 2005–06. In addition to the MBS and PBS outlays, the Australian Government provided funding for mental health services and programs through a number of channels. These included:

- Australian Health Care Agreements (AHCA). AHCA mental health funding provided to states and territories by the Australian Government is to assist with ongoing service reform. Mental health grants provided to states and territories through the AHCA in 2005–06 accounted for approximately \$69 million (see Table 14.3).
- Other National Mental Health Strategy. In addition to providing mental health specific grants to states and territories under the AHCA, the Australian Government funds a range of national activities and projects that aim to facilitate service reform.
- Department of Veterans' Affairs. Funding is provided through DVA to meet the mental health care needs of veterans and their families.

Table 14.12 details Australian Government mental health-related expenditure over the past five years. During this time, the total expenditure has seen an average annual increase of 6.2%. The reported expenditure does not include contributions to running of state and territory hospital-based psychiatric units provided through the non specific 'base grants' of

the AHCAs (see Table 14.3) and that 2005–06 data precedes the introduction of the Medicare-subsidised *Better Access* initiative described in Section 14.4 and Chapter 9.

Table 14.12: Australian Government expenditure (\$'000) on mental health-related services, 2001–02 to 2005–06

	2001–02	2002–03	2003–04	2004–05	2005–06	Average annual change (per cent)
PBS – Psychiatric drugs	497,759	543,995	594,428	625,992	637,503	6.4
MBS – General Practitioners	167,272	168,740	173,556	201,021	232,739	8.6
MBS – Consultant Psychiatrist services	196,928	197,663	201,604	214,356	220,879	2.9
National Mental Health Strategy ^(a)	94,172	94,829	92,635	108,951	140,981	10.6
Department of Veterans' Affairs	126,793	129,420	126,069	123,715	125,505	–3.0
Private Hospital Insurance Premium Rebates	44,618	46,791	49,007	58,698	63,920	9.4
Research	14,543	18,511	19,439	27,289	35,200	24.7
National Suicide Prevention Strategy	9,809	10,106	9,846	12,080	8,648	–1.3
Other	9,207	8,208	8,742	8,782	9,243	0.1
Total Expenditure in current prices (\$'000)^(b)	1,161,101	1,218,263	1,275,325	1,380,883	1,474,618	6.2
Total Expenditure in constant prices (\$'000)	1,341,802	1,365,655	1,388,010	1,445,784	1,474,618	2.4
Per capita (\$) ^(c)	68.68	69.05	69.33	71.34	71.73	1.1

(a) Includes specific grants to states and territories.

(b) Constant prices are referenced to 2005–06 and are adjusted for inflation.

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

Source: Department of Health and Ageing 2007.

14.7 Sources of funding for specialised mental health services

The Department of Health and Ageing (DoHA) *National Mental Health Report* provides 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 2008b).

Using this definition of mental health services, the 2007 report estimates that recurrent expenditure on mental health services in 2004–05 was \$3,920 million. Of this total, 60.6% came from state and territory governments, 35.2% from the Australian government and 4.2% from private health funds (Table 14.13).

Over the period 1997–98 to 2005–06, total expenditure on mental health by state and territory governments increased on average by 6.7% per year to \$2.65 billion, with funding by the Australian Government increasing on average by 7.4% per year to \$1.48 billion.

Table 14.13: Expenditure (\$ million) on public sector specialised mental health services^(a), by source of funding, 1997–98 to 2005–06

Source of funding^(c)	1997–98	2002–03	2004–05	2005–06	Average annual change (per cent)
State and territory governments	1,574	1,976	2,376	2,650	6.7
Australian Government	835	1208	1,381	1,475	7.4
Private health funds	139	148	163	n.a.	..
Total	2,548	3,332	3,920	n.a.	..

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

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

Source: Department of Health and Ageing 2007.