

14 Expenditure on mental health services

14.1 Introduction

This chapter reviews the available information on *recurrent expenditure* for mental health services, commencing with recurrent expenditure on state and territory government-operated specialised mental health facilities. Information is then provided on private psychiatric hospital expenditure and Australian Government expenditure on Medicare-subsidised mental health-related services, mental health related medications and mental health-related services. Finally, information on the sources of funding for mental health services is provided. 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 2006–07* (AIHW 2008d).

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. 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 2008d).

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 2008d).

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 2008d).

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 2008d).

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 2008d).

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 care services, government and non-government-operated residential mental health services are reported in this section. Expenditure reported as non-government-operated residential mental health services refers only to the funding provided by state and territory governments, not 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 2006–07 prices.

For definitional information and the scope of these services, refer to Chapter 12 of this report. Information on the number of services, available beds and staffing is in Chapter 12 of this report.

This section draws on data from the National Mental Health Establishments Database and, for some 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 recurrent expenditure on specialised mental health services by states and territories exceeded \$3 billion during 2006–07 (Table 14.1). The largest proportion of recurrent expenditure was spent on the provision of public hospital services for admitted patients (\$1.35 billion), comprising public acute hospitals with a specialist psychiatric unit or ward (\$0.9 billion) and psychiatric hospitals (\$0.4 billion). Most states reported public hospital expenditure as the largest proportion of total mental health services expenditure, except for Victoria, the Australian Capital Territory and the Northern Territory where community mental health care services accounted for the largest proportion. Nationally, \$1.1 billion was reported as being spent on community mental health care services during 2006–07.

Total expenditure, in constant prices, on state and territory specialised mental health services increased by an annual average of 5.6% over the 2002–03 to 2006–07 period (Table 14.2). Public acute hospitals with a specialised psychiatric unit or ward and community mental health care services experienced considerable annual average increases in expenditure of 7.2% and 5.9%, respectively. Public psychiatric hospital expenditure, in constant prices, remained relatively stable between 2002–03 and 2006–07. Grants to non-government organisations increased by an annual average of 11.4%; these grants made up 6.2% of overall recurrent specialised mental health services expenditure in 2006–07.

Table 14.1: Recurrent expenditure (\$'000)^(a) on specialised mental health services, states and territories, 2006–07

	NSW	Vic	Qld	WA ^(b)	SA	Tas	ACT	NT	Total ^(c)
Public psychiatric hospitals^(d)									
Salaries and wages expenditure	138,152	21,900	51,430	51,647	57,399	..	..	..	320,527
Non-salary expenditure	37,432	11,016	16,888	14,064	20,814	..	..	..	100,213
Indirect expenditure ^(e)	13,231	0	2,058	1,225	1,816	..	..	..	18,329
<i>Subtotal^(c)</i>	<i>188,815</i>	<i>32,916</i>	<i>70,375</i>	<i>66,936</i>	<i>80,028</i>	<i>..</i>	<i>..</i>	<i>..</i>	<i>439,070</i>
Specialised psychiatric units or wards in public acute hospitals^(d)									
Salaries and wages expenditure	219,864	144,797	138,888	79,926	40,558	19,820	8,519	7,423	659,795
Non-salary expenditure	71,951	47,332	38,255	18,222	12,539	7,624	4,211	1,283	201,416
Indirect expenditure ^(e)	17,840	14,080	12,890	419	1,912	1,046	615	1,591	50,393
<i>Subtotal^(c)</i>	<i>309,655</i>	<i>206,209</i>	<i>190,034</i>	<i>98,566</i>	<i>55,009</i>	<i>28,489</i>	<i>13,345</i>	<i>10,297</i>	<i>911,604</i>
Community mental health care services									
Salaries and wages expenditure	245,376	203,340	150,191	117,025	62,197	17,181	18,505	10,676	824,490
Non-salary expenditure	62,819	64,068	47,422	35,764	21,258	7,587	6,873	2,209	248,000
Indirect expenditure ^(e)	25,527	17,617	11,262	1,693	5,012	1,201	2,039	2,355	66,707
<i>Subtotal^(c)</i>	<i>333,722</i>	<i>285,024</i>	<i>208,876</i>	<i>154,482</i>	<i>88,466</i>	<i>25,969</i>	<i>27,418</i>	<i>15,240</i>	<i>1,139,197</i>
Residential mental health services^(f)									
Salaries and wages expenditure	21,881	83,600	..	4,783	2,103	10,549	3,417	196	126,528
Non-salary expenditure	4,718	31,224	..	1,660	630	6,875	3,075	148	48,331
Indirect expenditure ^(e)	1,262	7,202	..	43	252	489	415	5	9,667
<i>Subtotal^(c)</i>	<i>27,861</i>	<i>122,026</i>	<i>..</i>	<i>6,485</i>	<i>2,985</i>	<i>17,913</i>	<i>6,906</i>	<i>349</i>	<i>184,525</i>
Other expenditure									
Grants to non-government organisations ^(g)	40,548	65,364	31,120	18,025	21,803	3,266	5,283	4,093	189,500
Other indirect expenditure ^(e)	79,236	42,990	30,684	10,696	4,760	4,263	1,778	2,117	176,523
Total state/territory expenditure^(c)	979,835	754,529	531,088	355,190	253,051	79,900	54,730	32,095	3,040,419

(a) Expenditure excludes depreciation.

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

(c) Totals may not add due to rounding to nearest \$'000.

(d) Public psychiatric hospitals and specialised psychiatric units or wards in public acute hospitals includes expenditure on admitted patient services only. Public hospital outpatients departments are included in community mental health care services.

(e) See Appendix 2 for information on the method used to calculate indirect expenditure.

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

(g) Grants to non-government-operated expenditure excludes funding of staffed residential services managed by non-government organisations. These are included in residential mental health services.

.. Not applicable.

Source: National Mental Health Establishments Database.

Table 14.2: Recurrent expenditure (\$'000)^(a) on specialised mental health services, states and territories, 2002–03 to 2006–07

	2002–03	2003–04	2004–05	2005–06	2006–07	Average annual change (per cent)
Current prices						
Public psychiatric hospitals ^{(b)(c)}	370,167	402,807	416,810	431,657	439,070	4.4
Public acute hospitals with a specialised psychiatric unit or ward ^{(b)(c)}	593,768	652,201	727,747	809,757	911,604	11.3
Community mental health care services	763,429	827,323	913,146	1,021,335	1,139,197	10.5
Residential mental health services ^(d)	143,692	148,873	155,559	174,481	184,525	6.5
Grants to non-government organisations ^(e)	103,591	111,351	129,524	160,272	189,500	16.3
Other indirect expenditure ^(f)	103,546	116,262	126,113	144,731	176,523	14.3
Total state/territory expenditure^(g)	2,078,193	2,258,817	2,468,899	2,742,232	3,040,419	10.0
Constant prices^(h)						
Public psychiatric hospitals ^(b)	431,210	452,737	451,653	448,387	439,070	0.5
Public acute hospitals with a specialised psychiatric unit or ward ^{(b)(c)}	691,526	733,073	788,430	841,407	911,604	7.2
Community mental health care services	907,456	941,665	995,565	1,066,771	1,139,197	5.9
Residential mental health services ^(d)	170,801	169,448	169,600	182,243	184,525	2.0
Grants to non-government organisations ^(e)	123,134	126,740	141,215	167,402	189,500	11.4
Other indirect expenditure ^(f)	120,740	130,722	136,648	150,411	176,523	10.0
Total state/territory expenditure^(g)	2,444,867	2,554,386	2,683,111	2,856,621	3,040,419	5.6

(a) Expenditure excludes depreciation.

(b) Public psychiatric hospitals and specialised psychiatric units or wards in public acute hospitals includes expenditure on admitted patient services only. Public hospital outpatients departments are included in community mental health care services.

(c) Public psychiatric hospital expenditure in WA includes publicly funded private hospitals.

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

(e) Grants to non-government-operated expenditure excludes funding of staffed residential services managed by non-government organisations. These are included in residential mental health services.

(f) See Appendix 2 for information on the method used to calculate indirect expenditure.

(g) Totals may not add due to rounding to nearest \$'000.

(h) Constant prices are referenced to 2006–07 and are adjusted for inflation. See Appendix 2 for deflator description.

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

Public acute and psychiatric hospitals

Expenditure on each service setting, broken down by program type and target population (where applicable), is presented in this section. For additional information on these service types, refer to the explanations provided in Chapter 12.

Program type

As described in Chapter 12, *Acute* care admitted patient programs involve short-term treatment for individuals with acute episodes of mental disorder. These episodes are characterised by recent onset of severe clinical symptoms of mental disorder that have 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 (METeOR identifier 288889).

Almost two-thirds (\$264 million) of public psychiatric hospital expenditure during 2006–07 was spent on *Non-acute* services (Table 14.3). In contrast, almost 90% (\$818 million) of expenditure on public hospitals with a specialised psychiatric unit or ward was allocated to the provision of *Acute* services.

Table 14.3: Recurrent expenditure (\$'000)^(a) on admitted patient services in specialised mental health public hospitals, by program type, states and territories, 2006–07

	NSW	Vic	Qld	WA ^(b)	SA	Tas	ACT	NT	Total ^(c)
Public psychiatric hospitals^(d)									
Acute	80,728	18,381	..	37,378	38,699	..	..	..	175,185
Non-acute	108,087	14,535	70,375	29,558	41,329	..	..	..	263,884
Public acute hospitals with a specialised psychiatric unit or ward^(d)									
Acute	292,780	190,129	144,248	89,953	55,009	22,557	13,345	10,297	818,316
Non-acute	16,875	16,080	45,786	8,613	..	5,933	..	..	93,287
Total^(c)	498,470	239,125	260,409	165,502	135,036	28,489	13,345	10,297	1,350,673

(a) Expenditure excludes depreciation.

(b) 2006–07 public psychiatric hospital expenditure in WA includes publicly funded private hospitals.

(c) Totals may not add due to rounding to nearest \$'000.

(d) Public psychiatric hospitals and specialised psychiatric units or wards in public acute hospitals includes expenditure on admitted patient services only. Public hospital outpatients departments are included in community mental health care services.

.. Not applicable.

Source: National Mental Health Establishments Database.

Target population

For the purpose of mental health services, individual units can be categorised based on four target population groups. *Child and adolescent* services are targeted to those aged under 18 years. *Older person* programs are targeted towards the 65 years and over age group. *Forensic* health services concentrate on clients whose health condition has led them to commit, or be suspected of, a criminal offence. This includes prison-based services, however excludes services that are primarily for other target groups even where they include a forensic component. *General* services target the adult population, aged 18 to 64. *General* mental health services may also provide assistance to children, adolescents or older people (METeOR identifier 288957).

Nationally, the type of service that incurred the majority of recurrent hospital expenditure was *General* services (\$966 million; Table 14.4). Not all jurisdictions provide services for each of the target population categories. However, of those reporting all types there was a similar distribution of funds, with the majority spent on *General* services, followed by *Older person*, *Forensic* and *Child and adolescent* services. Queensland was the exception, with the majority of

funds spent on *General* services, followed by *Forensic*, *Older person* and *Child and adolescent* services.

Table 14.4: Recurrent expenditure (\$'000)^(a) on admitted patient services in specialised mental health public hospitals^(b), by target population, states and territories, 2006–07

	NSW	Vic	Qld	WA ^(c)	SA	Tas	ACT	NT	Total ^(d)
General	388,913	153,804	173,617	117,502	87,189	22,699	11,945	10,222	965,890
Child and adolescent	26,995	15,353	17,486	6,728	3,017	..	..	..	69,580
Older person	51,842	37,052	28,766	29,652	33,189	..	1,400	..	181,901
Forensic	30,719	32,916	40,541	11,619	11,642	5,791	..	75	133,302
Total^(c)	498,470	239,125	260,409	165,502	135,036	28,489	13,345	10,297	1,350,673

(a) Expenditure excludes depreciation.

(b) Public psychiatric hospitals and specialised psychiatric units or wards in public acute hospitals includes expenditure on admitted patient services only. Public hospital outpatients departments are included in community mental health care services.

(c) 2006–07 public psychiatric hospital expenditure in WA includes publicly funded private hospitals.

(d) Totals may not add due to rounding to nearest \$'000.

.. Not applicable.

Source: National Mental Health Establishments Database.

Community mental health care services

Community mental health care services include hospital outpatient clinics and non-hospital community mental health care services, such as crisis or mobile assessment and treatment services, day programs, outreach services and consultation/liaison services. Community mental health care services accounted for \$1.1 billion of recurrent mental health services expenditure during 2006–07 (Table 14.5).

As with admitted patient services, community mental care services can be defined for mental health service purposes by target population. Nationally, the majority of these funds were spent providing *General* community mental health care services (\$827 million or 72.6%). In contrast to public hospital expenditure, the next largest expenditure by target population was for the provision of *Child and adolescent* community mental health care services (\$201 million or 17.7%).

Table 14.5: Recurrent expenditure (\$'000)^(a) on community mental health care services, by target population, states and territories, 2006–07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(b)
General	246,929	210,399	147,968	112,210	63,713	16,080	17,173	12,385	826,856
Child and adolescent	57,589	41,476	46,371	26,618	17,264	5,179	5,272	1,384	201,154
Older person	18,092	29,114	6,895	14,003	5,697	3,025	2,904	..	79,730
Forensic	11,112	4,035	7,642	1,652	1,792	1,684	2,068	1,470	31,456
Total^(b)	333,722	285,024	208,876	154,482	88,466	25,969	27,418	15,240	1,139,197

(a) Expenditure excludes depreciation.

(b) Totals may not add due to rounding to nearest \$'000.

.. Not applicable.

Source: National Mental Health Establishments Database.

Residential mental health services

Residential services are focused on providing overnight care in a supportive domestic-like environment, where individuals are encouraged to take responsibility for meeting their own daily needs. Residential services can either be staffed for 24 hours per day, or between 6 and 24 hours, and totalling more than 50 hours per week. Residential services generally provide specialised care to the *General* and *Older person* target population groups.

During 2006–07, \$185 million was spent on residential mental health services (Table 14.6). *General* services (\$103 million) accounted for over half of the residential total. Recurrent expenditure for 24-hour staffed residential facilities accounted for approximately \$160 million or 87.0%.

Table 14.6: Recurrent expenditure (\$'000)^(a) on residential mental health services^(b), by target population and hours staffed, states and territories, 2006–07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(c)
General services									
24-hour staffing	9,032	47,726	..	4,799	2,035	11,964	5,235	..	80,792
Non-24-hour staffing	5,064	13,510	..	1,686	950	..	1,104	349	22,663
Older person services									
24-hour staffing	12,979	60,202	..	..	..	5,949	567	..	79,696
Non-24-hour staffing	786	588	..	..	..	..	..	..	1,374
Total^(c)	27,861	122,026	..	6,485	2,985	17,913	6,906	349	184,525

(a) Expenditure excludes depreciation.

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

(c) Totals may not add due to rounding to nearest \$'000.

.. Not applicable.

Source: National Mental Health Establishments Database.

14.3 Private psychiatric hospital expenditure

Expenditure information is available for private psychiatric hospitals from the Private Health Establishments Collection, held by the ABS. For that collection, 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 2008b). This is further defined as those hospitals providing 50% or more of the total patient days for psychiatric patients. The data published in this chapter describe only those private psychiatric hospitals meeting this definition.

In 2006–07, total recurrent expenditure for private psychiatric facilities was \$181 million (Table 14.7). Expenditure on private psychiatric hospitals, in constant prices, declined by an annual average of 0.5% per year over the period 2002–03 to 2006–07 (Table 14.8).

Table 14.7: Private psychiatric hospital expenditure (\$'000)^(a), states, 2006–07

	NSW	Vic	Qld	WA	SA	Tas	Total ^(b)
Salaries and wages expenditure	37,878	28,089	20,122	n.a.	n.a.	n.a.	106,036
Non-salary expenditure	26,164	22,445	11,667	n.a.	n.a.	n.a.	74,518
Total recurrent expenditure^(b)	64,042	50,534	31,789	n.a.	n.a.	n.a.	180,554

(a) Recurrent expenditure excludes depreciation.

(b) Totals may not add due to rounding to nearest \$'000.

n.a. Not available for publication but included in totals where applicable, unless otherwise indicated.

Source: Private Health Establishments Collection (ABS).

Table 14.8: Private psychiatric hospital expenditure (\$'000)^(a), 2002–03 to 2006–07

	2002–03	2003–04	2004–05	2005–06	2006–07	Average annual change (per cent)
Total expenditure (current prices)	158,529	162,066	168,490	176,781	180,554	3.3
Total expenditure (constant prices) ^(b)	184,567	182,076	182,578	183,652	180,554	–0.5

(a) Expenditure excludes depreciation.

(b) Constant prices are referenced to 2006–07 and are adjusted for inflation. See Appendix 2 for deflator description.

Source: Private Health Establishments Collection (ABS).

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

This section outlines the Australian Government's funding through the *Medicare Benefits Schedule* (MBS) for mental health-related services provided by psychiatrists, GPs, psychologists and other allied health professionals for the financial years 2003–04 to 2007–08. More detailed information on the MBS items included over time is in chapters 2 and 6. (Appendix 1 provides further information on data quality, coverage and other aspects of the Medicare data.)

In 2007–08, \$549 million was paid in benefits for MBS-subsidised mental health-related services (Table 14.9); this represented 4.2% of total Medicare benefits expenditure (\$13,007 million) for that year.

The majority of the \$549 million was spent on initial consultations and patient attendances in psychiatrists' consulting rooms (\$213 million or 38.9%). Expenditure on services provided by psychologists was the next largest expenditure group (31.0%), followed by the Medicare items associated with *GP Mental Health Care Plans*, accounting for 23.3% of total mental health-related Medicare benefits expenditure (Table 14.9).

Nationally, benefits paid for mental health-related Medicare services averaged \$25.91 per capita in 2007–08. The average benefits paid per capita in Victoria and New South Wales were above the national average, while those in the Northern Territory were substantially lower, at \$6.29 per capita.

During the period between 2003–04 and 2007–08, the total expenditure on MBS mental health-related items increased by an annual average of 22.4%, in constant prices (Table 14.10). This change is also reflected in a change in per capita spending of 20.7%, in constant prices. These changes are reflected by the increase across all subsections of MBS spending. 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 worth noting that analysis of Bettering the Evaluation and Care of Health GP survey data reveals an estimated 90% of mental health-related GP encounters were reported as having been billed as *surgery consultations* and not as mental health-related items under the Medicare *Better access to psychiatrists, psychologists and general practitioners through the Medicare Benefits Schedule* program. For further information on this issue, see Section 2.3 of this report.

Table 14.9: Australian Government Medicare expenditure (\$'000) on mental health-related services, by item group^(a), states and territories^(b), 2007–08

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(c)
Psychiatrists									
Initial consultation new patient—consulting room	5,035	4,192	2,988	1,288	1,375	242	230	61	15,409
Initial consultation new patient—hospital	587	358	322	118	74	51	11	2	1,523
Initial consultation new patient—home visit	136	42	8	2	21	1	2	0	212
Patient attendances—consulting room	64,454	67,522	31,453	10,576	18,708	2,900	2,075	290	197,978
Patient attendances—hospital	4,730	5,713	4,413	2,082	1,158	762	128	21	19,007
Patient attendances—other locations	1,077	461	91	62	186	10	9	1	1,896
Group psychotherapy	816	1,162	159	51	37	101	5	1	2,333
Interview with non-patient	207	230	165	48	48	13	5	2	718
Telepsychiatry	71	8	37	2	1	0	2	3	124
Case conferencing	10	84	5	13	7	4	1	0	123
Electroconvulsive therapy ^(d)	249	255	231	70	58	37	2	0	902
<i>Subtotal^(c)</i>	<i>77,373</i>	<i>80,027</i>	<i>39,871</i>	<i>14,311</i>	<i>21,673</i>	<i>4,121</i>	<i>2,469</i>	<i>381</i>	<i>240,225</i>
General practitioners									
GP Mental Health Care Plans	44,044	36,380	22,661	11,409	8,513	2,579	1,696	520	127,802
Focussed Psychological Strategies	1,395	1,073	729	144	451	43	42	5	3,883
<i>Subtotal^(c)</i>	<i>45,439</i>	<i>37,453</i>	<i>23,390</i>	<i>11,553</i>	<i>8,963</i>	<i>2,622</i>	<i>1,739</i>	<i>525</i>	<i>131,685</i>
Psychologists									
Psychological Therapy Services—clinical psychologist	23,853	19,525	7,906	13,055	5,548	2,274	1,301	159	73,621
Focussed Psychological Strategies—psychologist	31,940	33,995	18,598	4,339	3,810	1,741	1,551	293	96,268
Enhanced Primary Care—psychologist	164	119	91	15	18	6	1	1	415
<i>Subtotal^(c)</i>	<i>55,957</i>	<i>53,639</i>	<i>26,595</i>	<i>17,409</i>	<i>9,376</i>	<i>4,021</i>	<i>2,854</i>	<i>453</i>	<i>170,304</i>
Other allied mental health providers									
Focussed Psychological Strategies—occupational therapist	431	283	167	109	115	34	6	1	1,147
Focussed Psychological Strategies—social worker	1,914	1,775	844	375	345	107	26	9	5,395
Enhanced Primary Care—mental health worker ^(e)	53	31	15	2	18	1	0	0	120
<i>Subtotal^(c)</i>	<i>2,397</i>	<i>2,089</i>	<i>1,027</i>	<i>486</i>	<i>478</i>	<i>141</i>	<i>32</i>	<i>10</i>	<i>6,662</i>
Total expenditure in current prices (\$'000)^(c)	181,166	173,208	90,883	43,759	40,490	10,905	7,094	1,369	548,875
Per capita (\$) ^(f)	26.15	33.02	21.49	20.54	25.43	22.00	20.81	6.29	25.91

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

(b) State and territory is based on the postcode of the mailing address of the patient as recorded by Medicare Australia.

(c) Totals may not add due to rounding to nearest \$'000.

(d) Information for electroconvulsive therapy may include data for services provided by medical practitioners other than psychiatrists.

(e) Includes psychologists, mental health nurses, occupational therapists, social workers and Aboriginal health workers.

(f) Crude rate based on the preliminary Australian estimated resident population as at 31 December 2007.

Source: Medicare data (DoHA).

Table 14.10: Australian Government Medicare expenditure (\$'000) on mental health-related services, by item group^(a), 2003–04 to 2007–08

	2003–04	2004–05	2005–06	2006–07	2007–08	Average annual change (per cent)
Psychiatrists						
Initial consultation new patient—consulting room ^(b)	..	..	..	8,490	15,409	..
Initial consultation new patient—hospital ^(b)	..	..	..	619	1,523	..
Initial consultation new patient—home visit ^(b)	..	..	..	90	212	..
Patient attendances—consulting room	181,868	193,820	198,057	198,184	197,978	2.1
Patient attendances—hospital	14,826	15,321	17,046	17,490	19,007	6.4
Patient attendances—other locations	1,538	1,601	1,772	1,894	1,896	5.4
Group psychotherapy	2,120	2,325	2,470	2,378	2,333	2.4
Interview with non-patient	208	250	290	623	718	36.3
Telepsychiatry	19	24	41	68	124	59.9
Case conferencing	39	62	85	88	123	33.4
Electroconvulsive therapy ^(c)	671	704	819	831	902	7.7
<i>Subtotal^(d)</i>	<i>201,290</i>	<i>214,106</i>	<i>220,579</i>	<i>230,755</i>	<i>240,225</i>	<i>4.5</i>
General practitioners						
GP Mental Health Care Plans ^(b)	..	..	..	62,323	127,802	..
Focussed Psychological Strategies	1,328	2,131	2,828	3,639	3,883	30.8
3 Step Mental Health Process—GP ^(e)	725	962	1,658	1,044	..	..
<i>Subtotal^(d)</i>	<i>2,053</i>	<i>3,093</i>	<i>4,486</i>	<i>67,006</i>	<i>131,685</i>	<i>183.0</i>
Psychologists						
Psychological Therapy Services—clinical psychologist ^(b)	..	..	..	20,974	73,621	..
Focussed Psychological Strategies—psychologist ^(b)	..	..	..	30,961	96,268	..
Enhanced Primary Care—psychologist ^(f)	..	1,120	2,263	2,462	415	..
<i>Subtotal^(d)</i>	..	<i>1,120</i>	<i>2,263</i>	<i>54,397</i>	<i>170,304</i>	..
Other mental allied health providers						
3 Step Mental Health Process—OMP ^(e)	37	43	43	24	..	..
Focussed Psychological Strategies—occupational therapist ^(b)	..	..	..	170	1,147	..
Focussed Psychological Strategies—social worker ^(b)	..	..	..	1,093	5,395	..
Enhanced Primary Care—mental health worker ^{(f)(g)}	..	36	134	190	120	..
<i>Subtotal^(d)</i>	<i>37</i>	<i>79</i>	<i>177</i>	<i>1,477</i>	<i>6,662</i>	..
Total expenditure in current prices (\$'000)^(d)	203,380	218,398	227,506	353,635	548,875	28.2
Total expenditure in constant prices (\$'000) ^(h)	231,464	238,123	238,639	353,635	519,484	22.4
Per capita (constant prices) (\$) ^{(h)(i)}	11.57	11.76	11.62	16.96	24.53	20.7

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

(b) These mental health-related MBS items commenced November 2006.

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

(d) Totals may not add due to rounding to nearest \$'000.

(e) This item discontinued April 2008.

(f) Includes psychologists, mental health nurses, occupational therapists, social workers and Aboriginal health workers.

(g) This mental health-related MBS item commenced July 2004.

(h) Constant prices are referenced to 2006–07 and are adjusted for inflation. See Appendix 2 for deflator description.

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

.. Not applicable.

Source: Medicare data (DoHA).

14.5 Australian Government expenditure on mental health-related medications

In 2007–08, 185 million claims were processed under the PBS and RPBS for prescribed medications. The total benefits paid for these claims, excluding patient contributions, were \$6,695 million (Medicare Australia 2009a). Of this, 10.5% (\$704 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 (72.8%) of the expenditure on mental health-related medications was for prescriptions issued by general practitioners. This was followed by prescriptions written by psychiatrists (19.1%), with non-psychiatrist specialists' prescriptions accounting for the remaining 8.1% (Table 14.11).

In 2007–08, prescriptions for antipsychotics and antidepressants accounted for the majority of mental health-related PBS/RPBS expenditure (49.0% and 42.8%, respectively), followed by prescriptions for psychostimulants (2.6%), anxiolytics (2.3%) and hypnotics and sedatives (1.5%) (Table 14.11). Other medications prescribed by psychiatrists accounted for 1.8% of the expenditure on mental health-related prescriptions. For further information on mental health-related medications, see Section 11.1 of this report.

Table 14.11: Australian Government expenditure (\$'000) on mental health-related medications subsidised under the PBS/RPBS, by type of medication prescribed^(a) and medical practitioner, 2007–08

	Anti- psychotics (N05A) ^(b)	Anxiolytics (N05B)	Hypnotics and sedatives (N05C)	Anti- depressants (N06A)	Psycho- stimulants (N06B)	Other ^(c)	Total ^(d)	Total (per cent)
General practitioners	227,643	14,751	9,982	258,088	1,888	..	512,352	72.8
Non-psychiatrist specialists	34,399	378	307	8,215	13,788	..	57,087	8.1
Psychiatrists	82,853	1,169	266	34,570	2,523	12,640	134,020	19.1
Total^(e)	345,206	16,308	10,562	301,144	18,204	12,640	704,064	..
Total (per cent)	49.0	2.3	1.5	42.8	2.6	1.8	..	100.0

(a) Classified according to the ATC Classification System (WHO 2009b).

(b) Includes Clozapine dispensed through Section 100 arrangements by private hospitals but not by public hospitals.

(c) Includes other N codes as well as other ATC medication, as presented in Table 14.13. 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) Totals may not add due to rounding to nearest \$'000.

(e) Includes expenditure where the prescriber's specialty was unknown.

.. Not applicable.

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 2007–08 (\$704 million) was equivalent to \$33.24 per capita (Table 14.12). 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 11.

Table 14.12: 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^(b), 2007–08

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
Antipsychotics (N05A)^(c)									
General practitioners	77,852	63,283	38,751	17,485	21,869	4,979	2,660	763	227,643
Non-psychiatrist specialists	6,929	13,897	6,666	3,908	1,499	597	368	534	34,399
Psychiatrists	28,014	24,531	14,263	4,694	7,851	1,704	1,564	231	82,853
Subtotal^(d)	112,910	101,749	59,719	26,103	31,243	7,290	4,662	1,527	345,206
Anxiolytics (N05B)									
General practitioners	3,949	4,540	2,938	1,087	1,415	667	123	32	14,751
Non-psychiatrist specialists	91	131	72	32	40	9	2	1	378
Psychiatrists	272	429	245	68	110	34	8	3	1,169
Subtotal^(d)	4,318	5,100	3,257	1,187	1,565	710	134	36	16,308
Hypnotics and sedatives (N05C)									
General practitioners	3,112	2,534	1,988	939	954	352	79	24	9,982
Non-psychiatrist specialists	85	94	64	33	23	5	2	1	307
Psychiatrists	57	58	74	30	36	4	6	0	266
Subtotal^(d)	3,259	2,686	2,126	1,003	1,013	362	87	25	10,562
Antidepressants (N06A)									
General practitioners	77,019	65,426	54,579	26,132	22,841	8,180	3,071	836	258,088
Non-psychiatrist specialists	2,004	2,622	1,784	1,061	479	150	71	44	8,215
Psychiatrists	9,511	9,830	7,560	3,272	3,130	842	370	53	34,570
Subtotal^(d)	88,713	77,894	63,953	30,479	26,457	9,174	3,534	934	301,144
Psychostimulants, agents used for ADHD and nootropics (N06B)									
General practitioners	440	139	820	286	117	44	27	15	1,888
Non-psychiatrist specialists	6,022	2,927	2,049	1,466	522	490	230	80	13,788
Psychiatrists	861	273	570	575	150	38	53	3	2,523
Subtotal^(d)	7,327	3,339	3,441	2,328	789	572	311	99	18,204
Other medications prescribed by psychiatrists^(e)									
Psychiatrists	3,685	3,790	2,899	938	975	185	128	38	12,640
Expenditure (\$'000)^(f)	220,212	194,558	135,395	62,039	62,042	18,294	8,854	2,660	704,064
Per capita (\$) ^(g)	31.79	37.09	32.02	29.12	38.97	36.90	25.98	12.22	33.24
Total cost of Clozapine (Government cost plus patient contribution)									
Clozapine (\$'000) ^(h)	12,164	11,415	7,063	3,025	2,627	838	467	248	37,847

(a) Classified according to the ATC Classification System (WHO 2009b).

(b) State/territory is based on the patient's residential address. If the patient's address is unknown, the state or territory of the supplying pharmacy is used. There are a small number of records for which state/territory is unknown and which appear only in the Australia column.

(c) Includes Clozapine dispensed through Section 100 arrangements by private hospitals but not by public hospitals.

(d) Includes expenditure where the prescriber's specialty was unknown.

(e) Includes other N codes as well as other ATC medication as presented in Table 14.13. 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.

(f) Totals may not add due to rounding to nearest \$'000.

(g) Crude rate based on the Australian estimated resident population as at 31 December 2007.

(h) Clozapine is a Section 100, atypical antipsychotic. Total cost equals Government cost plus patient contribution for public hospitals only.

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

PBS/RPBS expenditure for medications prescribed by psychiatrists accounted for \$134 million in 2007–08. About 97.0% (\$130 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 14.13).

Table 14.13: Australian Government expenditure (\$'000) on medications prescribed by psychiatrists subsidised under the PBS/RPBS, by type of medication prescribed^(a), states and territories^(b), 2007–08

ATC code		NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Australia
N	Central nervous system									
N05A	Antipsychotics	28,014	24,531	14,263	4,694	7,851	1,704	1,564	231	82,853
N05B	Anxiolytics	272	429	245	68	110	34	8	3	1,169
N05C	Hypnotics and sedatives	57	58	74	30	36	4	6	0	266
N06A	Antidepressants	9,511	9,830	7,560	3,272	3,130	842	370	53	34,570
N06B	Psychostimulants, agents for ADHD and nootropics	861	273	570	575	150	38	53	3	2,523
	<i>Subtotal^(c)</i>	<i>38,715</i>	<i>35,121</i>	<i>22,713</i>	<i>8,639</i>	<i>11,277</i>	<i>2,623</i>	<i>2,001</i>	<i>290</i>	<i>121,380</i>
	Other N Codes	2,409	2,746	1,820	591	651	111	77	27	8,433
	Total N Codes^(c)	41,124	37,867	24,533	9,230	11,928	2,734	2,078	317	129,813
	Other Codes									
A	Alimentary tract and metabolism	289	273	244	69	77	22	9	2	985
B	Blood and blood-forming organs	24	31	28	9	11	1	1	0	106
C	Cardiovascular system	436	364	306	101	113	25	17	5	1,367
D	Dermatologicals	9	7	6	4	2	0	0	0	29
G	Genitourinary system and sex hormones	156	94	185	60	36	5	9	1	547
H	Systemic hormonal preparations, excluding sex hormones	19	21	21	13	8	2	1	0	84
J	General anti-infectives for systematic use	60	48	51	23	7	2	3	0	194
L	Antineoplastic and immunomodulating agents	59	24	7	6	6	1	2	0	105
M	Musculoskeletal system	58	66	49	12	14	4	2	1	205
R	Respiratory system	93	83	62	21	22	8	5	2	295
S	Sensory organs	22	15	10	4	4	0	1	0	56
	Other ^(d)	50	19	110	27	25	2	1	0	234
	<i>Subtotal^(c)</i>	<i>1,276</i>	<i>1,044</i>	<i>1,080</i>	<i>347</i>	<i>324</i>	<i>74</i>	<i>51</i>	<i>11</i>	<i>4,208</i>
	Total expenditure (\$'000)^(e)	42,400	38,911	25,612	9,577	12,252	2,807	2,129	328	134,020
	Per capita (\$) ^(e)	6.12	7.42	6.06	4.49	7.70	5.66	6.25	1.51	6.33

(a) Classified according to the ATC Classification System (WHO 2009b).

(b) State/territory is based on the patient's residential address. If the patient's address is unknown, the state or territory of the supplying pharmacy is used. A small number of records for which state/territory is unknown appear only in the Australia column.

(c) Totals may not add due to rounding to nearest \$'000.

(d) Includes extemporaneously prepared items and/or PBS items with no ATC equivalent.

(e) Crude rate based on the Australian estimated resident population as at 31 December 2007.

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

Table 14.14: 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, 2003–04 to 2007–08

ATC group (code)	2003–04	2004–05	2005–06	2006–07	2007–08	Average annual change (per cent)
Antipsychotics (N05A)^(b)						
General practitioners	*154,121	*169,369	*193,609	*212,260	227,643	10.2
Non-psychiatrist specialists	*16,595	*19,843	*27,387	*31,526	34,399	20.0
Psychiatrists	*57,257	*65,379	*75,861	*80,665	82,853	9.7
<i>Subtotal^(c)</i>	<i>*228,907</i>	<i>*255,381</i>	<i>*297,633</i>	<i>*324,961</i>	<i>345,206</i>	<i>10.8</i>
Anxiolytics (N05B)						
General practitioners	15,297	14,845	14,329	14,507	14,571	-0.9
Non-psychiatrist specialists	333	335	342	348	378	3.3
Psychiatrists	1,229	1,205	1,167	1,177	1,169	-1.2
<i>Subtotal^(c)</i>	<i>16,884</i>	<i>16,401</i>	<i>15,855</i>	<i>16,046</i>	<i>16,308</i>	<i>-0.9</i>
Hypnotics and sedatives (N05C)						
General practitioners	12,001	11,186	10,353	10,065	9,982	-4.5
Non-psychiatrist specialists	347	322	305	299	307	-3.0
Psychiatrists	311	290	269	264	266	-3.9
<i>Subtotal^(c)</i>	<i>12,675</i>	<i>11,809</i>	<i>10,939</i>	<i>10,638</i>	<i>10,562</i>	<i>-4.5</i>
Antidepressants (N06A)						
General practitioners	279,738	285,736	255,736	255,156	258,088	-2.0
Non-psychiatrist specialists	8,922	8,826	8,123	7,948	8,215	-2.0
Psychiatrists	42,082	41,560	38,053	36,776	34,570	-4.8
<i>Subtotal^(c)</i>	<i>331,918</i>	<i>337,000</i>	<i>302,527</i>	<i>300,292</i>	<i>301,144</i>	<i>-2.4</i>
Psychostimulants, agents used for ADHD and nootropics (N06B)						
General practitioners	611	639	735	891	1,888	32.6
Non-psychiatrist specialists	2,057	1,886	2,268	3,052	13,788	60.9
Psychiatrists	1,354	1,308	1,208	1,213	2,523	16.8
<i>Subtotal^(c)</i>	<i>4,034</i>	<i>3,841</i>	<i>4,218</i>	<i>5,161</i>	<i>18,204</i>	<i>45.7</i>
Other^(d)						
Psychiatrists	*12,715	*13,349	*13,262	*12,924	12,640	-0.1
Total expenditure in current prices (\$'000)^(e)	*607,133	*637,782	*644,435	*670,021	704,064	3.8
Total expenditure in constant prices (\$'000) ^(f)	*610,716	*640,557	*645,883	*670,021	702,659	3.6
Per capita (constant prices, \$) ^(g)	*30.52	*31.63	*31.44	*32.14	33.17	2.1
Total cost of Clozapine (Government cost plus patient contribution, current prices)						
Clozapine (\$'000) ^(h)	28,663	30,091	33,462	35,187	37,847	7.2

(a) Classified according to the ATC Classification System (WHO 2009b).

(b) Includes Clozapine dispensed through Section 100 arrangements by private hospitals but not by public hospitals.

(c) Includes expenditure where the prescriber's specialty was unknown.

(d) Includes other N codes as well as other ATC medication, as presented in Table 14.13. 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.

(e) Totals may not add due to rounding to nearest \$'000.

(f) Constant prices are referenced to 2006–07 and are adjusted for inflation. See Appendix 2 for deflator description.

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

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

* Differences in figures reported in previous years caused by item 1330 *Tetrabenazine* which was classified previously to N05A and is now classified to N07X *Other nervous system drugs*.

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

Overall, expenditure on medications prescribed by psychiatrists under the PBS/RPBS averaged \$6.33 per capita in 2007–08. The average benefits paid per capita for mental health-related medications prescribed by psychiatrists were below the national average in the Northern Territory and Western Australia, and above the average in South Australia and Victoria.

Real growth in expenditure (constant prices) for mental health-related prescriptions averaged 3.6% per year between 2003–04 and 2007–08 (Table 14.14). Per capita, this represents an average growth rate of 2.1% 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 10.8% over 2003–04 to 2007–08.

Expenditure on psychostimulants rose sharply in 2007–08 from 2006–07. This appears to be partly the result of the listing of atomoxetine (a non-stimulant drug for the treatment of attention-deficit hyperactivity disorder) on the PBS in 2007–08, adding \$3 million to the total cost of psychostimulants (Medicare Australia 2009).

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 14.12 and 14.14 reflect government cost plus patient contributions, so they are therefore not directly comparable with the PBS-listed medications.

The expenditure on Clozapine increased steadily over the 2003–04 to 2007–08 period, from \$28.6 to \$37.8 million (current prices), respectively, with an average annual rate of change of 7.2%.

14.6 Total Australian Government expenditure on mental health-related services

The Australian Government has estimated the total expenditure on mental health-related services between 2002–03 and 2006–07 (Table 14.15). During this time, there was an annual average increase in total expenditure of 2.8% in constant prices. Expenditure on Medicare-subsidised mental health services and medications provided through the PBS, accounted for 71% of the total \$1,587 million spending on mental health by the Australian Government in 2006–07. Expenditure on items relating to the Department of Veterans' Affairs, including RPBS, accounted for around 9%.

The reported expenditure does not include contributions to the running of state and territory hospital-based psychiatric units provided through the non-specific 'base grants' of the *Australian Health Care Agreements* (AHCAs). These are included in the estimates of specialised mental health services in Table 14.16.

Table 14.15: Australian Government expenditure (\$'000) on mental health-related services, 2002–03 to 2006–07

	2002–03	2003–04	2004–05	2005–06	2006–07	Average annual change (per cent)
PBS—psychiatric drugs	543,995	594,428	625,929	637,503	663,867	5.1
MBS—general practitioners ^(a)	168,740	173,556	201,021	232,739	171,175	0.4
MBS—consultant psychiatrist services	197,663	201,604	214,356	220,879	230,883	4.0
MBS—clinical psychologists ^(b)	..	..	..	..	20,974	..
MBS—other allied health ^(c)	..	..	..	..	34,877	..
National Mental Health Strategy ^(d)	94,829	92,635	108,951	140,981	132,432	8.7
Department of Veterans' Affairs ^(e)	129,420	126,069	123,715	125,505	143,973	2.7
Private hospital insurance premium rebates	46,791	48,000	56,605	63,884	66,608	9.2
Research	23,121	24,625	30,682	35,927	40,216	14.8
National Suicide Prevention Strategy	10,106	9,846	12,080	8,648	17,311	14.4
FaHCSIA-managed COAG Action Plan programs ^(a)	..	..	..	..	15,470	..
DoHA-managed COAG Action Plan programs ^(a)	..	..	..	..	37,821	..
Other	8,208	8,742	8,782	9,243	11,526	8.9
Total expenditure in current prices (\$'000)	1,222,873	1,279,504	1,382,120	1,475,308	1,587,134	6.7
Total expenditure in constant prices (\$'000) ^(f)	1,423,726	1,437,481	1,497,686	1,532,648	1,587,134	2.8
Per capita (\$) (constant prices) ^(g)	72.01	71.83	73.95	74.60	76.13	1.4

(a) For additional information on the scope of this item refer to Appendix 1.

(b) These mental health-related MBS items commenced 1 November 2006.

(c) Includes services provided by *registered psychologists, social workers and occupational therapists* approved by Medicare. These mental health-related MBS items commenced 1 November 2006.

(d) Includes specific grants to states and territories.

(e) Includes RPBS expenditure.

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

(g) Constant prices are referenced to 2006–07 and are adjusted for inflation. See Appendix 2 for deflator description.

.. Not applicable

Source: Unpublished Department of Health and Ageing.

14.7 Sources of funding for specialised mental health services

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 (GPs), medical specialists and other professionals (in private practices), residential aged care and pharmaceuticals, for which benefits were paid under the *Pharmaceutical Benefits Scheme (PBS)* and the *Repatriation Pharmaceutical Benefits Scheme (RPBS)*. As well as these direct forms of expenditure, the Australian Government provides subsidies for private health insurance and health-related 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.

State and territory specialised mental health services

During 2006–07, state and territory specialised mental health services (for which expenditure is described in section 14.2), were funded from a variety of sources. In 2006–07, 93.3% (\$2,839 million) of funds for specialised mental health services were provided by state or territory governments (Table 14.16). A further 4.4% (\$134 million) was provided by the Australian Government, with the remaining 2.2% (\$68 million) sourced from patients and other revenues and recoveries.

Table 14.16: Source of funding for specialised mental health services (\$'000)^(a), states and territories, 2006–07

	NSW	Vic	Qld	WA	SA	Tas	ACT	NT	Total ^(b)
State/territory funds ^(c)	929,110	680,272	496,220	341,246	238,730	71,367	52,047	29,934	2,838,927
Australian Government funds									
National Mental Health Strategy ^(d)	24,194	17,247	14,013	7,252	5,821	1,748	1,513	1,564	73,352
Department of Veterans' Affairs ^(e)	7,492	7,906	2,780	2,710	2,988	442	144	15	24,476
Other Australian Government funds ^(f)	131	19,940	8,348	670	2,230	3,586	344	555	35,804
Total Australian Government funds^(b)	31,817	45,093	25,140	10,632	11,039	5,776	2,002	2,134	133,632
Other revenue ^(g)	18,909	29,163	9,728	3,312	3,282	2,757	682	27	67,859
Total funds^(b)	979,835	754,529	531,088	355,190	253,051	79,900	54,730	32,095	3,040,419

(a) Excludes depreciation.

(b) Totals may not add due to rounding to nearest \$'000. Total funds is equal to the total expenditure in Table 14.1.

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

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

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

(f) Other Australian Government funds includes funds paid directly to a jurisdiction by the Commonwealth Government used to resource recurrent expenditure on services within the scope of the MHE NMDS.

(g) Other revenue includes *Other revenue*, *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).

14.8 Funding and expenditure for all mental health-related services

The national recurrent expenditure on all mental-health related services can be estimated by combining funding from three sources: state and territory contributions to specialised mental health services (Table 14.16); Australian government expenditure on mental health-related services (Table 14.15) and contributions to specialised mental health services (Table 14.16); and DoHA estimates of the private health insurance fund component.

DoHA calculates the private health insurance fund component by estimating the total mental health-related private hospital revenue and then deducting all payments made to these hospitals by the Department of Veterans' Affairs and estimates of the private hospital mental health component of the Australian Government Private Health Insurance Rebate. The remaining amount is then deemed to represent the payments made by private health insurers in respect of private hospital psychiatric care. For 2006–07, DoHA estimates that private health insurance fund expenditure was \$177 million (Table 14.17).

Combining the funding from the three sources, the national recurrent expenditure on all mental health-related services in 2006–07 was estimated to be \$4,707 million (Table 14.17). Of this total, 62% (\$2,907 million) came from state and territory governments, 34% (\$1,623 million) from the Australian Government and 4% (\$177 million) from private health insurance funds.

During the period 1997–98 to 2006–07, total expenditure on mental health-related services by state and territory governments increased by an annual average of 5.3% (in constant prices) to \$2.9 billion. Funding by the Australian Government increased by an annual average rate of 5.3% during the same period to \$1.62 billion.

Table 14.17: Expenditure (\$ million) on mental health-related services^(a), by source of funding, 1997–98 to 2006–07

Source of funding ^(b)	1997–98	2002–03	2004–05	2005–06	2006–07	Average annual change (per cent)
Current prices						
State and territory governments ^(c)	1,354	1,954	2,361	2,618	2,907	8.9
Australian Government ^(d)	754	1,245	1,397	1,505	1,623	8.9
Private health insurance funds ^(e)	120	148	165	178	177	4.4
Total	2,228	3,347	3,923	4,301	4,707	8.7
Constant prices^(f)						
State and territory governments	1,825	2,275	2,558	2,720	2,907	5.3
Australian Government	1,016	1,450	1,513	1,563	1,623	5.3
Private health insurance fund ^(e)	162	172	179	185	177	1.0
Total	3,003	3,897	4,250	4,468	4,707	5.1

(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 patient costs.

(c) Includes *State/territory funds* and *Other revenue* from Table 14.16.

(d) Includes *Total expenditure* from Table 14.15 and *Other Australian Government funds* from Table 14.16.

(e) DoHA notes that estimates are derived and subject to some degree of error. Direct measures are not possible from source data.

(f) Constant prices are referenced to 2006–07 and are adjusted for inflation. See Appendix 2 for deflator description.

Source: Tables 14.15, 14.16 and unpublished Department of Health and Ageing (Private health insurance funds).