



Cost of accessing mental health services for young people

Out-of-pocket costs for non in-patient Medicare subsidised mental health services in Australia | December 2024

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Contents

Contents.....	2
Snapshot.....	2
Background.....	3
Findings.....	5
Methods.....	15

Snapshot

Out-of-pocket costs are rising rapidly for all Australians, including young people

- In the financial year 2022-23, young people aged 15-24 paid an average OOP cost of \$57.69 to access a Medicare subsidised non-inpatient mental health service, representing a 52% increase since 2020-21. This 52% increase was 4.5 times the rate of inflation, as measured by the increase in the Consumer Price Index from December 2020 to December 2022.

Out-of-pocket costs for some service types can be much higher than \$57.69

- In the financial year 2022-23, young people aged 15-24 paid an average of \$104.79 for a Medicare subsidised non-inpatient appointment with a psychiatrist, \$64.84 for a clinical psychologist, and \$72.34 for a non-clinical psychologist.

Young people are paying higher out-of-pocket costs than those aged over 45

- In the financial year 2022-23, young people aged 15-24 paid over 35% more for a Medicare subsidised non-inpatient mental health service than those aged 45-64. Young people also paid nearly double that of 65-79 year olds, and triple that of 80+ year olds.



Background

In this report, we present the out-of-pocket (OOP) costs **young people aged 15-24** pay in Australia to access **Medicare subsidised non-inpatient mental health services**.

About the Medicare rebate

Under Medicare's **Better Access** initiative, Australians can access up to 10 subsidised sessions with a mental health professional per annum via a Mental Health Treatment Plan. Mental health providers set their own fees, which clients pay upfront for each session. The client can then claim a Medicare rebate to recover part of the cost of the session. The size of this rebate will depend on the specific service they received (e.g., type of health professional delivering the service; length of session), as determined by the relevant [Medicare Benefits Schedule](#) (MBS) item number. Each item number has a fixed **Schedule Fee** (the fee Medicare deems reasonable on average for that service), **Benefit** (the portion of the schedule fee claimable by the client as a rebate per service), and **Extended Medicare Safety Net Cap** (an annual threshold for OOP costs for a service that, once reached, will trigger a further rebate on any subsequent OOP costs for that service for the remaining calendar year). The **out-of-pocket (OOP) cost** paid by the client for a given session is equal to the remaining portion of the provider's fee after the Medicare benefit has been paid.

The analyses described herein use the Australian Institute of Health and Welfare's *Medicare-subsidised GP, allied health and specialist health care across local areas* datasets, which we describe in detail in the [Methods](#) section.

About OOP cost estimates

The *Medicare subsidised GP, allied health and specialist health care across local areas* datasets exclude services where no MBS benefit was processed. This means sessions where the client paid fully out-of-pocket, or where they were subsidised by means other than Medicare (e.g., through private health insurance), are not captured in our analyses. While our analyses focus on **Medicare subsidised** services, OOP costs for accessing mental health services **in general** may therefore be larger once sessions where the client paid fully out-of-pocket are taken into account.

The *Medicare subsidised GP, allied health and specialist health care across local areas* datasets include bulk-billed services, and there is no way to distinguish services that were bulk-billed from those that were not. This means the average OOP costs calculated in our analysis will be lower than the actual costs for people who had to pay an amount out-of-pocket, as the average will be brought down by services where people were charged \$0.



Our analysis builds on the work of Rosenberg, Park, and Hickie (2022),¹ who found that OOP costs rose consistently in Australia between the financial years 2013-14 to 2020-21. We extend their analysis by examining new data from the 2021-22 to 2022-23 financial years and highlighting trends relevant to young people.

We highlight trends relevant to **young people aged 15-24** in **pink** callout boxes.

Our report focuses on descriptive trends only. We plan to conduct further research to understand the factors that may be driving the reported trends. Any hypotheses from interested readers are warmly welcomed. Please contact Erin Dakin (erin.dakin@bi.team) and John Craven (john.craven@system2.org.au).

¹ Rosenberg, S., Park, S. H., & Hickie, I. (2022). Paying the price – Out-of-pocket payments for mental health care in Australia. *Australian Health Review*, 46(6), 660–666. <https://doi.org/10.1071/AH22154>



Findings

Out-of-pocket costs are rising rapidly for all Australians, including young people

In the financial year 2022-23, young people aged 15-24 paid an average OOP cost of **\$57.69** to access a Medicare subsidised non-inpatient mental health service, representing a **52% increase** since 2020-21.^{Figure 1} This 52% increase was 4.5 times the rate of inflation, as measured by the increase in the Consumer Price Index from December 2020 to December 2022.²

In the financial year 2022-23, Australians paid an average OOP cost of \$51.71 to access a Medicare subsidised non-inpatient mental health service. This amount rose from \$34.54 in the financial year 2020-21, representing a 50% increase in OOP costs and an acceleration of the 2013-21 trend reported by Rosenberg et al. (2022).^{Figure 1: Figure 3}

Over the same period, the average provider fee charged to Australians accessing a Medicare subsidised non-inpatient mental health service rose from \$145.95 in the 2020-21 financial year to \$169.36 in the 2022-23 financial year – an increase of 16%. At the same time, the average MBS benefit paid for non-inpatient mental health services rose from \$111.41 to \$117.65 – an increase of less than 6%.^{Figure 4} The increase in the average MBS benefit paid (<6%) is much smaller than the increase in average provider fees charged (16%), resulting in a large increase in OOP costs (50%).

What is driving increases in OOP costs?

One hypothesis is that the proportion of bulk-billed mental health services may be decreasing, in line with recent trends observed for GP services more generally in Australia.³ While we cannot find publicly available data post 2021 to test this hypothesis, we know from the recent evaluation of the Better Access initiative⁴ that the proportion of bulk-billed Better Access services decreased from 63.5% in 2018 to 52.8% in 2021. If this trend continued beyond 2021, we would expect average OOP costs for Medicare subsidised non-inpatient mental health services to have risen even if providers who have never bulk-billed did not substantially increase their fees.

² See Methods section for details about inflation rates.

³ Australian Institute of Health and Welfare. (2024). [Medicare bulk billing and out-of-pocket costs of GP attendances over time. Patterns in GP bulk billing rates between 1984 and October 2024.](#)

⁴ Pirkis, J., Currier, D., Harris, M., Mihalopoulos, C., Arya, V., Banfield, M., Bassilios, B., Buchanan, B., Butterworth, P., Brophy, L., Burgess, P., Chatterton, M. L., Chilver, M., Eagar, K., Faller, J., Fossey, E., Ftanou, M., Gunn, J., Kruger, A., ... Williamson, M. (2022). [Evaluation of Better Access.](#) The University of Melbourne.



Out-of-pocket costs for some service types can be much higher than \$57.69

In the financial year 2022-23, young people aged 15-24 paid an average of **\$104.79** for a Medicare subsidised non-inpatient appointment with a psychiatrist, **\$64.84** for a clinical psychologist, and **\$72.34** for a non-clinical psychologist.⁵ [Figure 2](#)

Average OOP costs for Medicare subsidised non-inpatient mental health services vary depending on the type of health professional delivering the service. In the financial year 2022-23, Australians paid an average of \$86.10 for a Medicare subsidised non-inpatient appointment with a psychiatrist, \$61.57 for a clinical psychologist, and \$66.79 for a non-clinical psychologist.⁵ [Figure 2](#)

Additional analysis

The above average OOP costs obfuscate variations that occur within each health professional type, as the *Medicare-subsidised GP, allied health and specialist health care across local areas* datasets do not report provider fees charged and MBS benefits paid at the MBS item level. To bridge this gap, we explored item-level data from the 2022-23 financial year for a selection of common psychiatry MBS items via the [Medical Costs Finder](#), managed by the Department of Health and Aged Care. Note that The Medical Costs Finder excludes bulk-billed services from its OOP cost calculations, meaning these averages are not dragged-down by services in which clients were charged \$0. Age breakdowns are not available in the Medical Costs Finder, so we do not report on trends for young people.

In the 2022-23 financial year, MBS schedule fees associated with common psychiatry MBS items were not commensurate with provider fees charged, resulting in large OOP costs. For example, the average OOP cost was \$243 for the first appointment with a psychiatrist at their rooms lasting more than 45 minutes.⁵ [Figure 5](#)

While the Medical Costs Finder does not include MBS items for psychology, we instead compared the Australian Psychological Society's (APS) 2024-2025 recommended private practice fee for a standard 46 to 60-minute consultation⁶ to the corresponding MBS item schedule fees and MBS benefits. Again, the MBS schedule fees were not commensurate with APS recommended fees. If providers charged clients in accordance with the APS recommended fees, OOP costs would be \$169.15 for an appointment with a clinical psychologist and \$214.35 for an appointment with a non-clinical psychologist (*Note: APS recommended fees are guidelines only, and many providers charge less than the recommended fee, resulting in lower OOP costs for clients*).⁶ [Figure 6](#)

⁵ While clinical psychologists typically charge higher fees than non-clinical psychologists, their services also yield a higher MBS benefit.

⁶ Australian Psychological Society. (2024). [How much does seeing a psychologist cost?](#)



Young people are paying higher out-of-pocket costs than those aged over 45

In the financial year 2022-23, young people aged 15-24 paid over **35% more** for a Medicare subsidised non-inpatient mental health service than those aged 45-64. Young people also paid nearly **double** that of 65-79 year olds, and **triple** that of 80+ year olds. [Figure 1](#)

In each financial year from 2020-21 to 2022-23, OOP costs for Medicare subsidised non-inpatient mental health services were higher for people aged under 45 compared to those aged over 45. OOP costs were consistently highest for ages 0-14 (roughly Gen Alpha), followed by ages 15-24 (roughly Gen Z) and ages 25-44 (roughly Millennials). OOP costs declined with each age group from age 45 onward, with those aged 80+ paying \$32.56 less per session than the average Australian in the 2022-23 financial year. [Figure 1](#)

These age patterns are different to those observed for generic Medicare subsidised GP sessions that are not mental health specific.⁷ For these generic GP sessions, young people aged 0-14 paid much lower OOP costs than all other age groups except those aged 80+, and OOP costs were highest for people aged 45-64. [Figure 7](#)

What is driving age differences in OOP costs?

We propose several hypotheses below which we would like to test in future research:

- Are mental health providers more likely to offer bulk-billing (under a mixed-billing model) or other discounted rates to seniors?
- Are fees higher for psychologists or psychiatrists who specialise in treating children and young people?
- Do assessment or treatment services for disorders that typically arise in childhood, adolescence, or early adulthood have higher fees?
- Are younger generations more willing to invest in their mental health?
- Are children and young people more likely to have parents who are willing to invest in their mental health than older people are willing to invest in their own mental health?

⁷ The generic GP services covered in this analysis are:

GP Short (Level A): Professional attendance by a GP for an obvious problem characterised by the straightforward nature of the task that requires a short patient history and, if required, limited examination and management.

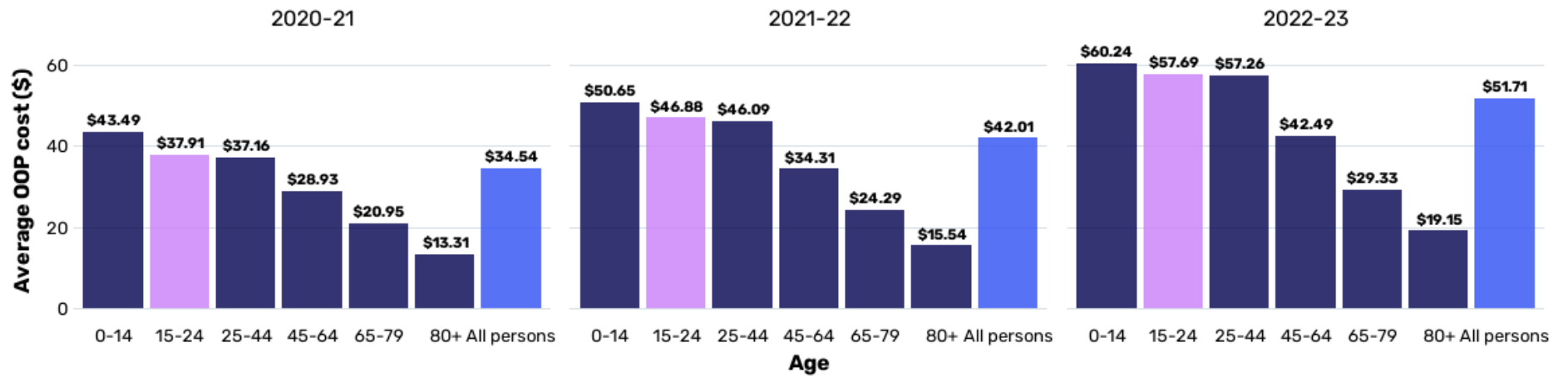
GP Standard (Level B): Professional attendance by a GP lasting less than 20 minutes, involving taking patient history, performing a clinical examination, arranging any necessary investigation, implementing a management plan, and/or providing appropriate preventive health care.

GP Long (Level C): Professional attendance by a GP lasting at least 20 minutes, involving taking detailed patient history, performing a clinical examination, arranging any necessary investigation, implementing a management plan, and/or providing appropriate preventive health care.

GP Prolonged (Level D): Professional attendance by a GP lasting at least 40 minutes, involving taking extensive patient history, performing a clinical examination, arranging any necessary investigations, implementing a management plan, and/or providing appropriate preventive health care.



Figure 1: Average OOP costs over time by age group, collapsed across health professional types



Note: Numbers have not been adjusted for inflation



Figure 2: Average OOP costs in the 2022-23 financial year by age group, separated by health professional type

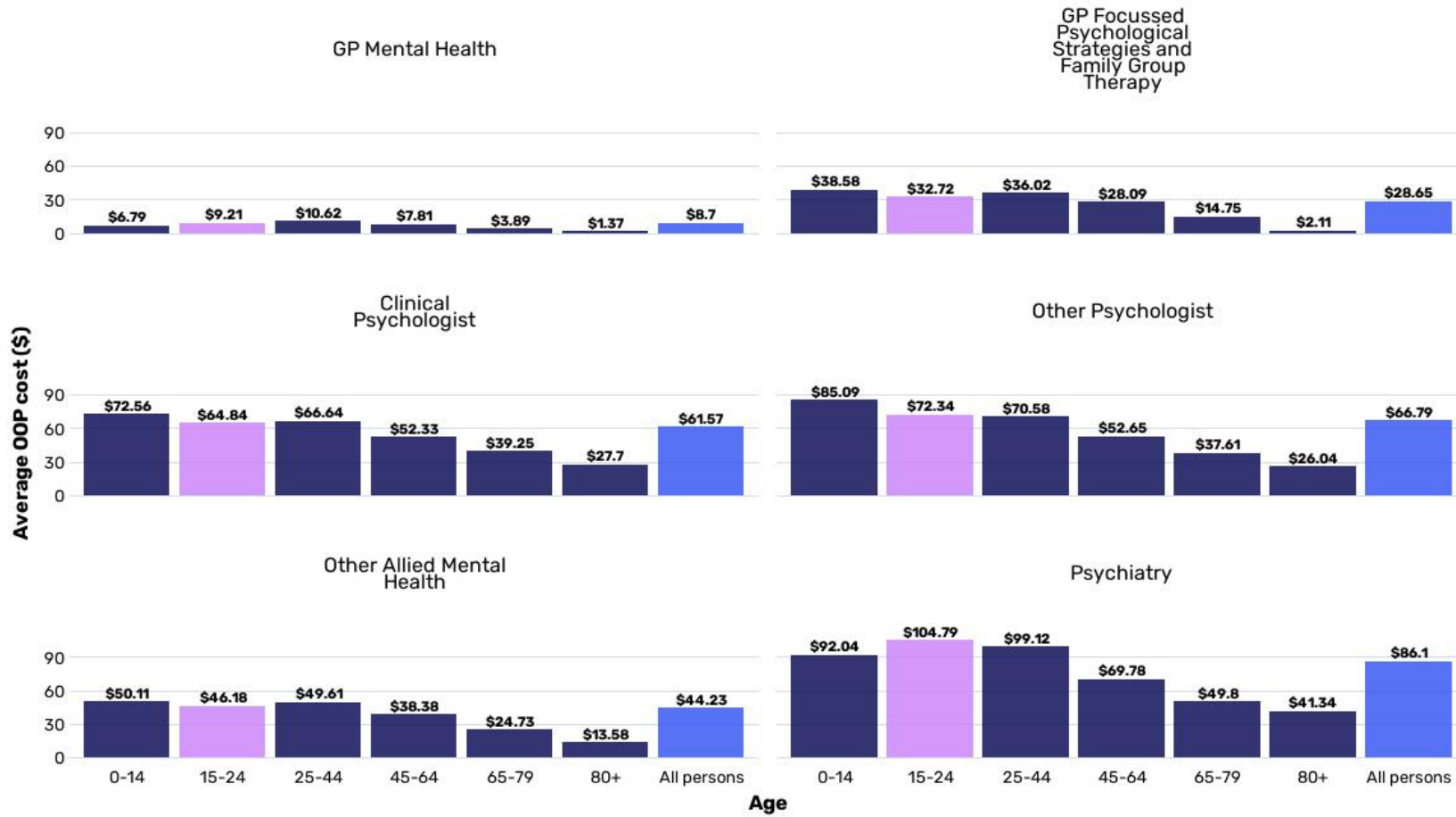
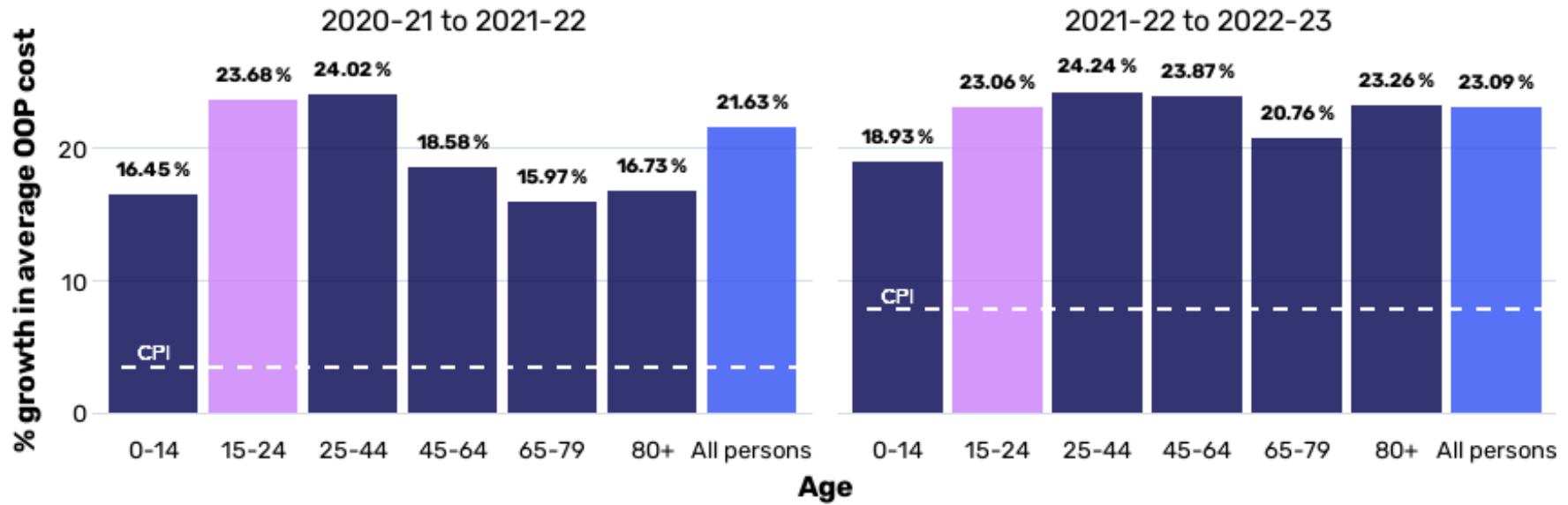


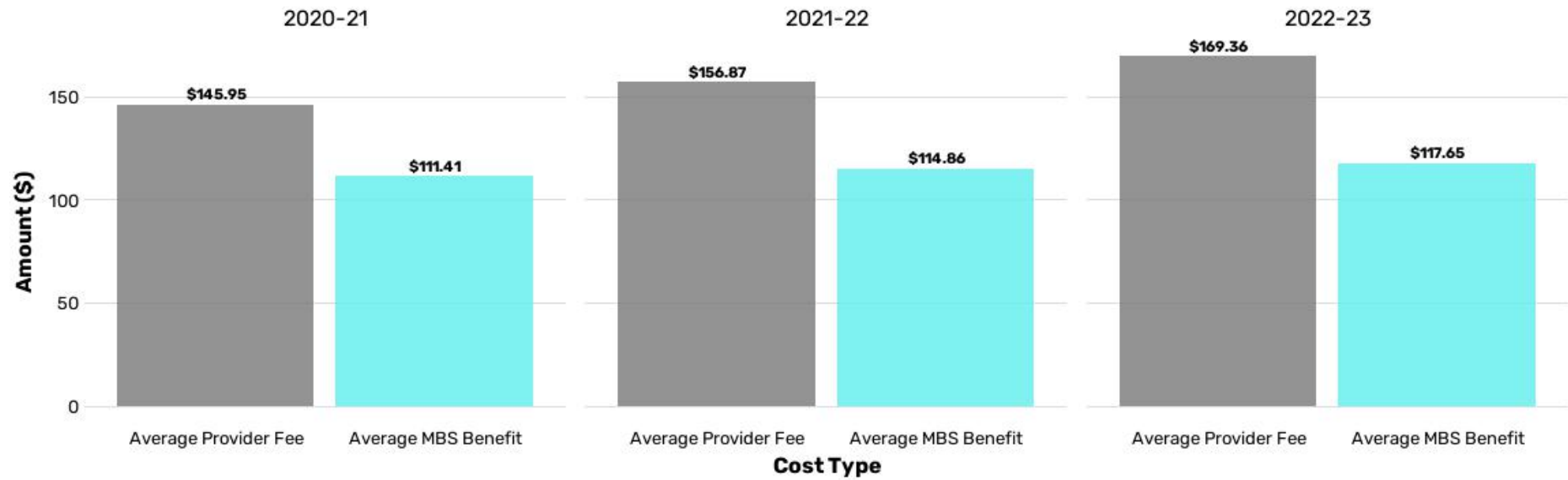
Figure 3: Growth in average OOP costs over time by age group, collapsed across health professional types



Note: Numbers have not been adjusted for inflation. The dotted line provides an indication of inflation during each period, representing the change in the Consumer Price Index (see Methods section for inflation rates).

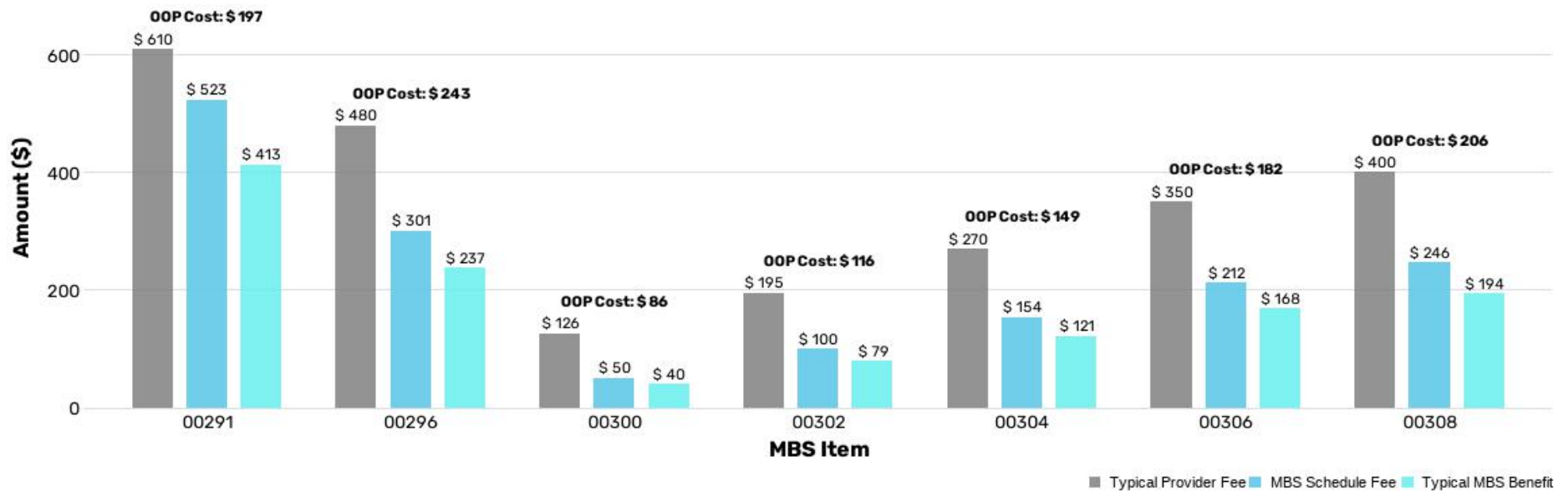


Figure 4: Growth in average provider fees charged and MBS benefits paid over time, collapsed across health professional types



Note: Numbers have not been adjusted for inflation

Figure 5: Typical OOP costs for psychiatry⁸ in the 2022-23 financial year



Note: Unlike our analysis of the *Medicare subsidised GP, allied health and specialist health care across local areas* data, the Medical Costs Finder calculates typical OOP costs as 1) the median value (i.e., not the mean) and 2) only among services that had an OOP cost (i.e., excluding bulk billed services).

⁸

- MBS item 00291: Appointment with a psychiatrist at their rooms lasting more than 45min to develop a 12 month treatment plan for the patient.
- MBS item 00296: First appointment with a psychiatrist at their rooms lasting more than 45min. For new patients or patients who have not seen this specialist in the last 24 months.
- MBS item 00300: Appointment with a psychiatrist at their rooms. The appointment is 15 minutes or less.
- MBS item 00302: Appointment with a psychiatrist at their rooms. The appointment is between 16 and 30 minutes.
- MBS item 00304: Appointment with a psychiatrist at their rooms. The appointment is between 31 and 45 minutes.
- MBS item 00306: Appointment with a psychiatrist at their rooms. The appointment is between 46 and 75 minutes.
- MBS item 00308: Appointment with a psychiatrist at their rooms. The appointment is more than 75 minutes.

Figure 6: MBS benefits for psychology (standard 46 to 60-minute consultation), relative to APS 2024-25 recommended fees

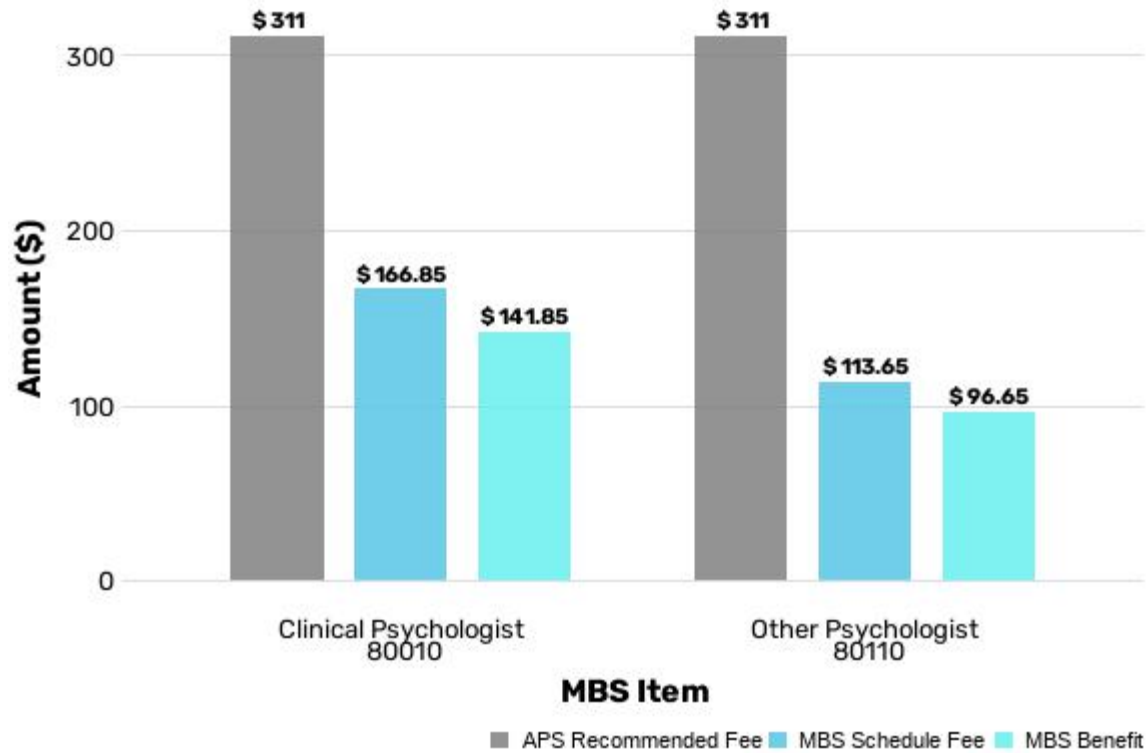
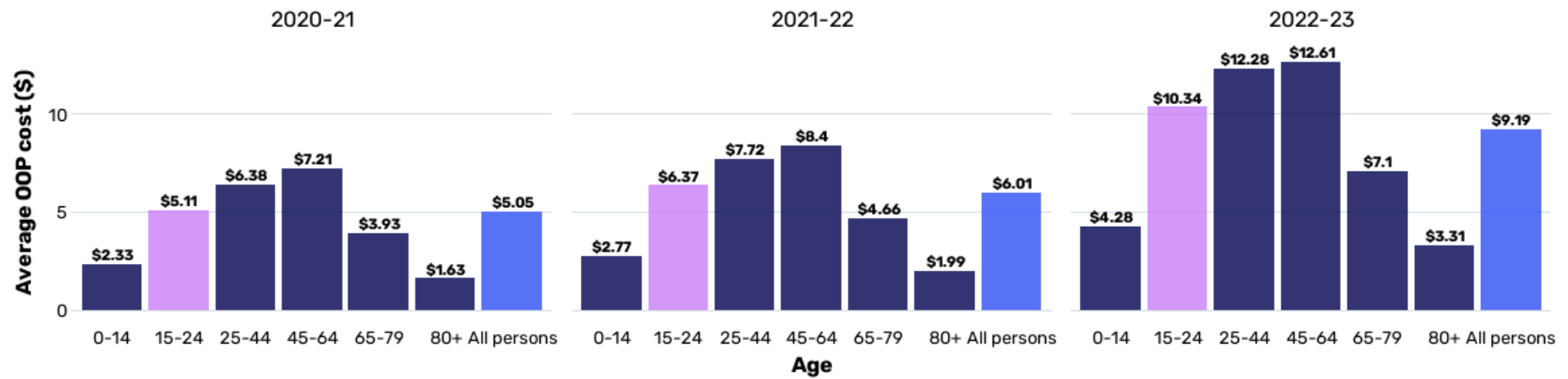


Figure 7: Average OOP costs over time by age group for generic GP consultations that are not mental health specific



Note: Numbers have not been adjusted for inflation

Methods

The Australian Institute of Health and Welfare provides downloadable *Medicare-subsidised GP, allied health and specialist health care across local areas* datasets, covering the use of non-inpatient Medicare subsidised services.⁹ This data includes mental health services delivered through GPs, allied health professionals, and specialists in non-inpatient settings. Datasets contain reporting per financial year from 2013 onward, unadjusted for inflation. We examined the three most recent datasets – 2020–21¹⁰, 2021–22¹¹, and 2022–23.¹² We focussed on the below service types:

- GP Mental Health¹³
- GP Focussed Psychological Strategies and Family Group Therapy¹⁴
- Clinical Psychologist
- Other Psychologist
- Other Allied Mental Health¹⁵
- Psychiatry

Raw data used in our analysis can be accessed by opening the “PHN” tab of the relevant datasets and filtering to rows in the “Service” column containing the above service types and rows in the “PHN group” column containing “National”.

We used the same formula as Rosenberg et al. (2022) to compute the average OOP cost per service for each focal service type: $\text{Total provider fees charged (\$)} - \text{Total Medicare benefits paid (\$)} / \text{No. of services}$. We also used this formula to calculate the average OOP cost collapsed across the focal service types.

⁹ The data excludes: services where no MBS benefit was processed, even if the service was eligible for a rebate; non-hospital services subsidised by private health insurance; services provided to public patients in hospitals; services delivered in public outpatient departments or public accident and emergency departments; services provided through other publicly funded programs; services subsidised by the Department of Veterans’ Affairs; services for a compensable injury or illness for which the patient’s insurer or compensation agency has accepted liability; health screening services.

¹⁰ Australian Institute of Health and Welfare. (2021). [Medicare-subsidised GP, allied health and specialist health care across local areas: 2019–20 to 2020–21](#).

¹¹ Australian Institute of Health and Welfare. (2022). [Medicare-subsidised GP, allied health and specialist health care across local areas: 2021–22](#).

¹² Australian Institute of Health and Welfare. (2024). [Medicare-subsidised GP, allied health and specialist health care across local areas: 2022–23](#).

¹³ This captures preparation and review of GP Mental Health Treatment Plans as well as extended consultations related to mental health issues, excluding GP Focussed Psychological Strategies and Family Group Therapy.

¹⁴ This captures GP delivered Focussed Psychological Strategies for patients with assessed mental disorders, as well as family group therapy.

¹⁵ This captures mental health services provided by other allied health professionals such as occupational therapists, mental health nurses, Aboriginal health workers, and some social workers.



Given the raw data are unadjusted for inflation, we also examined whether any growth in average OOP costs in the analysed period exceeded rates of inflation for the same period. For the period 2020-21 to 2021-22 and for the period 2021-22 to 2022-23, we calculated the OOP cost growth rate, unadjusted for inflation, as: $(\text{New average OOP cost} - \text{Old average OOP cost}) / \text{Old average OOP cost} \times 100$. We then calculated rates of inflation based on published ABS inflation data¹⁶ showing that the Consumer Price Index increased 3.5% in the year from December 2020 to December 2021 and 7.8% in the year from December 2021 to December 2022, equivalent to an 11.6% increase over the two years. December data was used as it represents the midpoint of the year for which mental health data were collected.

¹⁶ Australian Bureau of Statistics. (2024). [Consumer Price Index, Australia, September quarter 2024](#).

