Cost of accessing mental health services for young people

Out-of-pocket costs for non in-patient Medicare subsidised mental health services in Australia | July 2026

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Executive Summary

BACKGROUND

Analysis by System 2 has found that from 2020 to 2023 young people in Australia pay higher out-of-pocket (OOP) costs for mental health services compared to older Australians. This report uses updated data from the financial year 2024-25 to determine whether this trend has changed.

KEY FINDINGS

Out-of-pocket costs are still rising for all Australians, including young people, but rates of growth are slowing:

- In the financial year 2024-25, young people aged 15-24 paid an average OOP cost of $75.88 to access a Medicare subsidised non-inpatient mental health service, meaning their OOP costs have doubled (risen by 100%) since 2020-21 and increased by 12% since 2023-24. This 12% increase represents a deceleration in the year-on-year growth rate since 2020-21.

Out-of-pocket costs for some service types can be much higher than $75.88

- In the financial year 2024-25, young people aged 15-24 paid an average of $145.30 for a Medicare subsidised non-inpatient appointment with a psychiatrist, $78.34 for a clinical psychologist, and $88.56 for a non-clinical psychologist.

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

- In the financial year 2024-25, young people aged 15-24 paid 34% 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 close to triple that of 80+ year olds.

RECOMMENDATIONS

In April 2025[1], the Australian Government committed $1 billion to expand free mental health services, including significant investment directed at young people. This was partly driven by the need to address the high costs that young people face. We welcome this funding, but call on the government to:

1. Clarify how the $1 billion package is expected to reduce out-of-pocket costs for young people specifically, not just expand the number of services available.
2. Ensure that funding is specifically targeted at communities that face the highest OOPs.
3. Commit to transparent public reporting against the 2025-26 Australian Institute of Health and Welfare data, once released, so the impact of this investment on what young people actually pay can be independently assessed.

Our report focuses on descriptive trends only. We also recommend deeper analysis to fully understand the factors driving these patterns, enabling us to put forward targeted and effective solutions. **We warmly welcome expressions of interest from readers who would like to support this work. Please contact Alex Gyani** (alex.gyani@bi.team).

[1] Australian Labor Party. (2025, April 8). *Strengthening Medicare: Labor to deliver $1 billion for more free mental health services*: https://alp.org.au/news/strengthening-medicare-labor-to-deliver-1-billion-for-more-free-mental-health-services/

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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 any 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),[2] 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 2024-25 financial years and highlighting trends relevant to young people.

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

[2] 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 still rising for all Australians, including young people, but rates of growth are slowing

In the financial year 2024-25, young people aged 15-24 paid an average OOP cost of **$75.88** to access a Medicare subsidised non-inpatient mental health service, meaning their OOP costs have **doubled** (risen by 100%) since 2020-21 and increased by 12% since 2023-24.Figure 1 This 12% increase represents a deceleration in the year-on-year growth rate since 2020-21. Figure 3

In the financial year 2024-25, Australians paid an average OOP cost of $67.90 to access a Medicare subsidised non-inpatient mental health service. This amount rose from $34.54 in the financial year 2020-21, representing a 97% increase in OOP costs.Figure 1

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 $196.99 in the 2024-25 financial year – an increase of 35%. At the same time, the average MBS benefit paid for non-inpatient mental health services rose from $111.41 to $129.09 – an increase of 16%.Figure 4 The increase in the average MBS benefit paid (16%) is much smaller than the increase in average provider fees charged (35%), resulting in a large increase in OOP costs (97%).

While OOP costs are still rising for all Australians, the year-on-year growth rate has been decelerating since 2020-21. Whereas average OOP costs grew by 22% in the 2020-21 to 2021-22 period, they grew by just 12% in the period from 2023-24 to 2024-25.Figure 3 At first glance, this slowdown might be attributed to the Australian Government's $1 billion mental health commitment announced in April 2025. However, any impact of this investment would not be expected to appear until the 2025–26 financial year data are released.

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 trends observed for GP services more generally in Australia.[3] Testing this directly would require analysis of MBS item-level bulk-billing data, which was beyond the scope of this update. The evaluation of the Better Access initiative[4] shows 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.

[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*. As of November 2025, the Australian Government expanded eligibility for bulk billed GP services through the Bulk Billing Practice Incentive Program. However, any impact of this program on OOP costs associated with GP provided bulk-billed mental health services would not be expected to appear until the 2025–26 financial year data are released.

[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 $75.88

In the financial year 2024-25, young people aged 15-24 paid an average of **$145.30** for a Medicare subsidised non-inpatient appointment with a psychiatrist, **$78.34** for a clinical psychologist, and **$88.56** for a non-clinical psychologist.[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 2024-25, Australians paid an average of $122.63 for a Medicare subsidised non-inpatient appointment with a psychiatrist, $74.84 for a clinical psychologist, and $82.09 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 2023-24 financial year[6] for a selection of common psychiatry MBS items via the Medical Costs Finder, managed by the Department of Health, Disability, and Ageing. 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 2023-24 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 $303 for the first appointment with a psychiatrist at their rooms lasting more than 45 minutes.[Figure 5]

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

In the financial year 2024-25, young people aged 15-24 paid **34% 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 close to **triple** that of 80+ year olds.[Figure 1]

In each financial year from 2020-21 to 2024-25, 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 typically highest for ages 0-14 (roughly Gen Alpha),

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

[6] Data from the 2024-25 financial year are not yet publicly available.

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 $42.16 less per session than the average Australian in the 2024-25 financial year.[Figure 1]

What is driving age differences in OOP costs?

We propose several hypotheses below which we recommend exploring in future research:

- Are mental health providers more likely to offer bulk-billing (under a mixed-billing model) or other discounted rates to seniors than they are to younger cohorts?
- Are fees higher for psychologists or psychiatrists who specialise in treating children and young people compared to non-specialists or those who specialise in other cohorts?
- Do assessment or treatment services for mental health disorders that typically arise in childhood, adolescence, or early adulthood have higher fees than services for mental health disorders that typically arise later in life?
- Are young people accessing out-of-hours care, higher cost items or areas with higher costs?
- Are younger generations more willing to invest in their mental health than older generations?
- Are children and young people more likely to have parents or caregivers who are willing to invest in their mental health than older people are willing to invest in their own mental health?

Recommendations

The Australian Government's April 2025 commitment of $1 billion to expand free mental health services, including significant investment directed at young people, is a welcome and substantial step. However, this investment may not directly address the out-of-pocket costs that this report identifies. On current evidence, we recommend the Government take the following three actions:

1. Clarify how the $1 billion package will reduce out-of-pocket costs for young people

While it is feasible that new free services will reduce OOPs, it is not guaranteed. System 2's own research has identified a wide range of barriers to young people receiving mental health care. These include: workforce constraints, stigma, long wait times and fragmented services.[7] While new services may increase overall capacity, there is a risk that is also increases the complexity of the system that young people need to navigate. To mitigate this risk, each element of the package should be assessed against a clear theory of change for increasing access and affordability. Without this clarity, the risk is that new infrastructure sits alongside an unchanged fee-for-service market, leaving the underlying cost barrier intact for the majority of young people who will continue to access care through existing channels.

2. Ensure funding is targeted at the communities and services facing the highest OOP costs.

[7] System 2. (2025). *A fresh approach to improving access to quality mental health services for young Australians*. https://system2.org.au/research/youth-mental-health

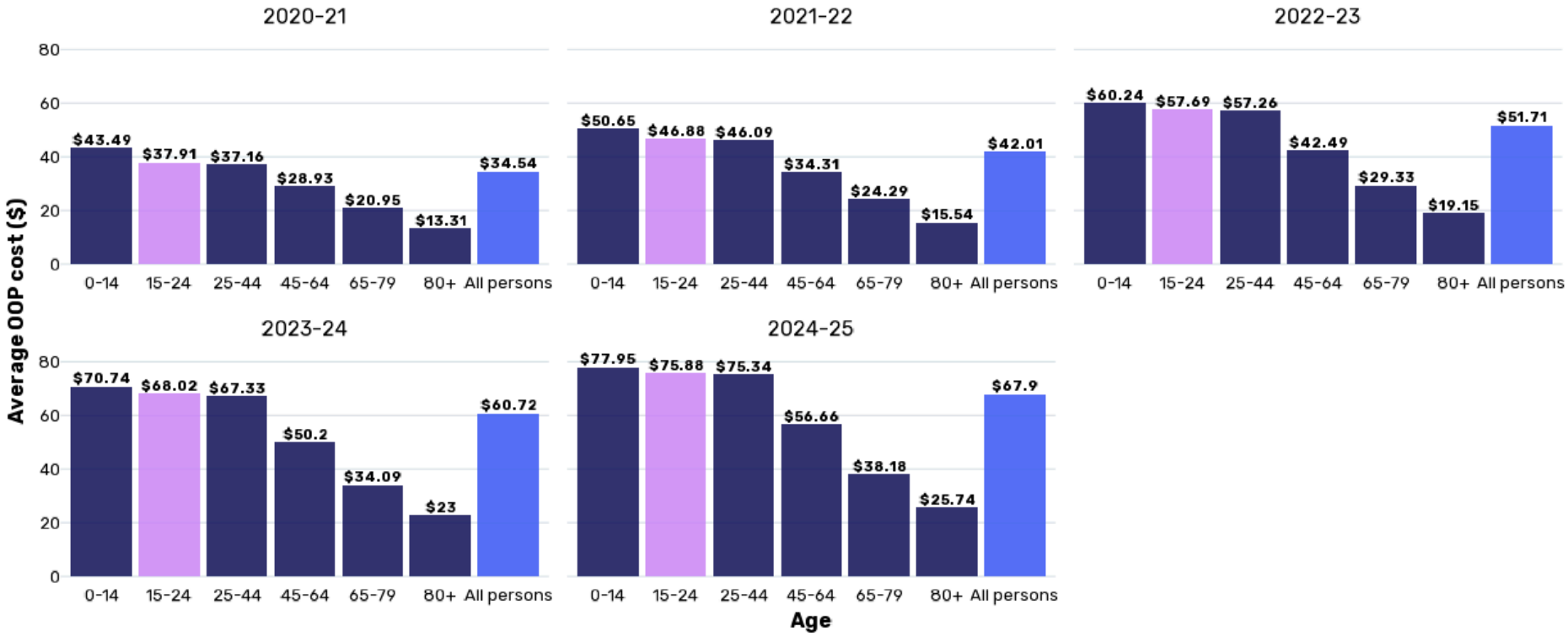
Our findings show that costs are not uniform across age. There are also likely to be big disparities across other dimensions. Recent analysis on bulk-billing rates has found that OOP costs for non-bulk-billed general practitioner services were higher in remote than metropolitan areas.[8] As many of these new services will be based in a physical location, it is very important to consider where the new services will be based. The limitations of the data meant that we were not able to look at regional disparities in OOP costs. The location of the 20 Youth Specialist Care Centres is yet to be fully confirmed. To ensure that the OOP costs are reduced, we recommend that the Government uses data from the AIHW to guide where the new services are located, rather than distributed evenly or based on population.

3. Commit to transparent, public reporting against the 2025-26 AIHW data once released.

This report shows OOP cost growth is slowing relative to prior years. Our data predates the announced funding and cannot be attributed to it. The 2025-26 financial year data, expected to be released in late 2026 or 2027, will provide the first opportunity to assess whether the $1 billion investment has had any measurable effect on what young people actually pay. We recommend the Government commit in advance to reporting publicly against this data, broken down by age and service type, so that the impact of this investment can be independently assessed rather than assumed.

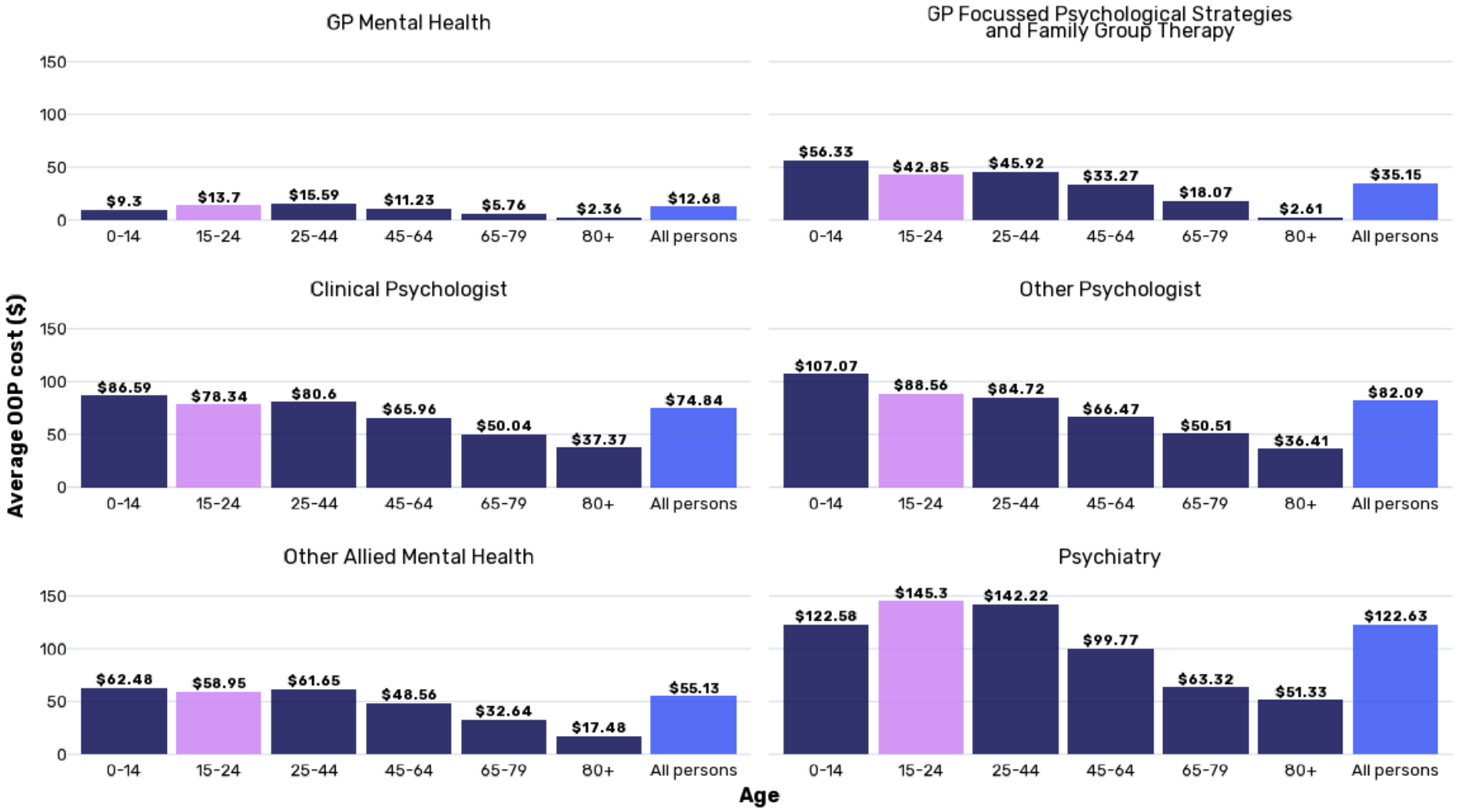
[8] Saxby, K., & Zhang, Y. (2025). Bulk-billing rates and out-of-pocket costs for general practitioner services in Australia, 2022, by SA3 region: analysis of Medicare claims data. *Medical Journal of Australia,* 222(3), 144-148.

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



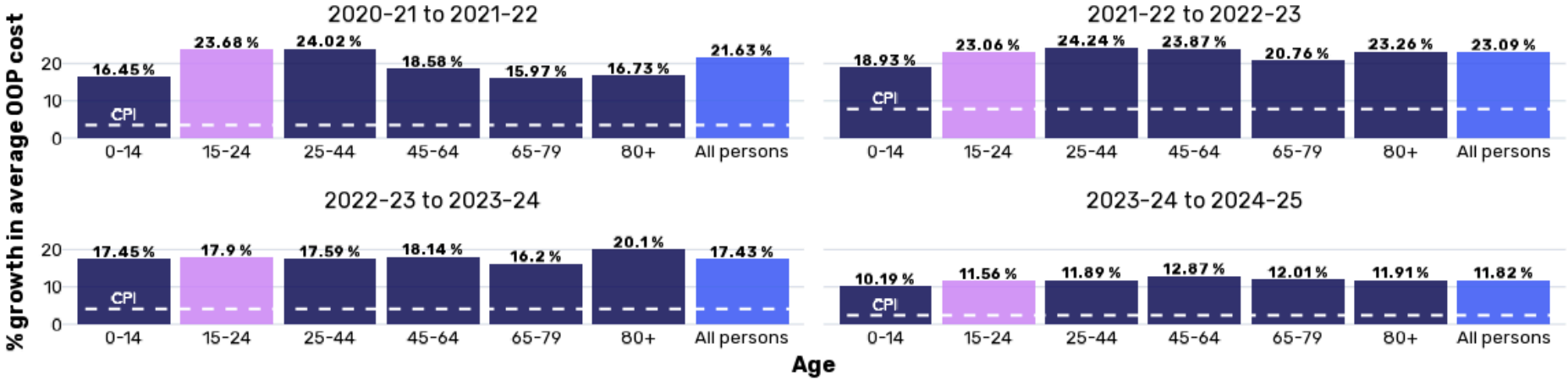
Note: Numbers have not been adjusted for inflation

Figure 2: Average OOP costs in the 2024-25 financial year by age group, separated by health professional type



Note: Numbers have not been adjusted for inflation

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

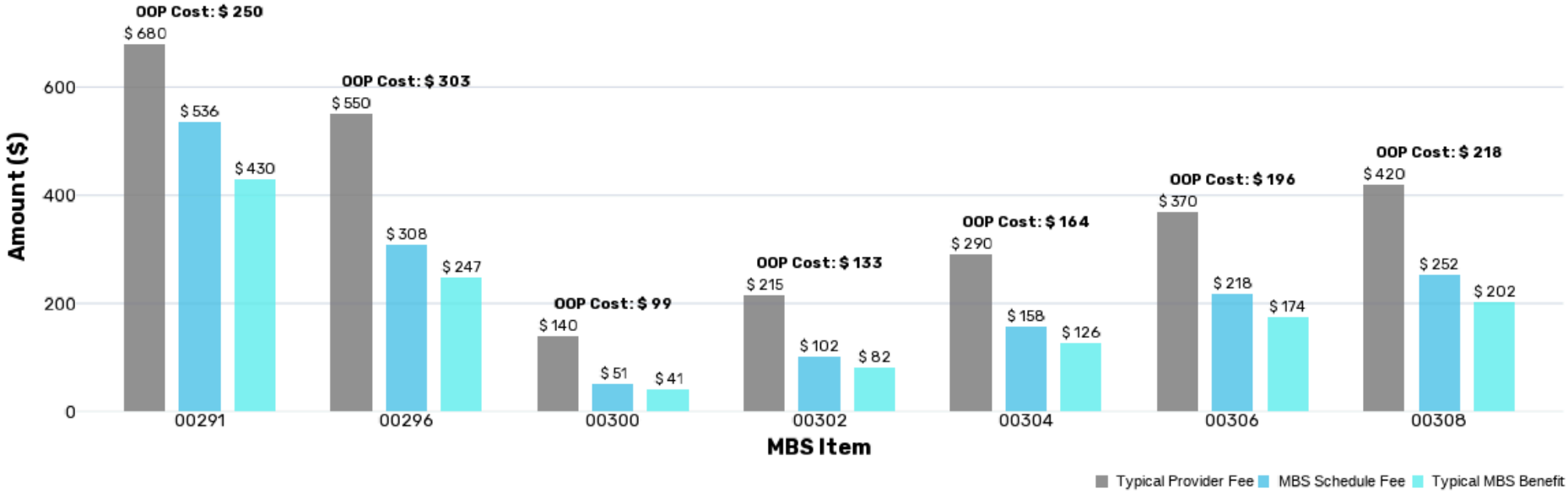


Note: Numbers have not been adjusted for inflation. The dotted line provides an indication of inflation during each period, representing the change in the Consumer Price Index (see Methods section for inflation rates).

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 psychiatry[9] in the 2023-24 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).

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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.

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.[10] 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 five most recent datasets (see Version section). We focussed on the below service types:

- GP Mental Health[11]
- GP Focussed Psychological Strategies and Family Group Therapy[12]
- Clinical Psychologist
- Other Psychologist
- Other Allied Mental Health[13]
- 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: Total provider fees charged ($) – Total Medicare benefits paid ($) / No. of services. We also used this formula to calculate the average OOP cost collapsed across the focal service types.

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 each of the periods (2020-21 to 2021-22, 2021-22 to 2022-23, 2022-23 to 2023-24, and 2023-24 to 2024-25), we calculated the OOP cost growth rate, unadjusted for inflation, as: (New average OOP cost - Old average OOP cost / Old average OOP cost) * 100. We then calculated rates of inflation based on published ABS inflation data[14] showing that the Consumer Price Index increased 3.5% in the year from December 2020 to December

[10] 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.

[11] 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.

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

[13] 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.

[14]
Australian Bureau of Statistics. (2022). *Consumer Price Index, Australia, December quarter 2021*.
Australian Bureau of Statistics. (2023). *Consumer Price Index, Australia, December quarter 2022*.
Australian Bureau of Statistics. (2024). *Consumer Price Index, Australia, December quarter 2023*.
Australian Bureau of Statistics. (2025). *Consumer Price Index, Australia, December quarter 2024*.

2021, 7.8% in the year from December 2021 to December 2022, 4.1% in the year from December 2022 to December 2023, and 2.4% in the year from December 2023 to December 2024, equivalent to an 18.9% increase over the four years. December data was used as it represents the midpoint of the year for which mental health data were collected.

Version History

Report name	Publication date	Periods captured	Australian Institute of Health and Welfare data analysed	Report contributors
Cost of accessing mental health services for young people	Dec-2024	2020-21 2021-22 2022-23	Medicare-subsidised GP, allied health and specialist health care across local areas: 2020–21 Medicare-subsidised GP, allied health and specialist health care across local areas: 2021–22 Medicare-subsidised GP, allied health and specialist health care across local areas: 2022-23	**Dr Erin Dakin (Lawn)** -Analysis -Report writing **John Craven** -Report QA **Dr Bowen Fung** -Analysis quality assurance
A fresh approach to improving access to quality mental health services for young Australians	Apr-2025	As above, plus: 2023-24	As above, plus: Medicare-subsidised GP, allied health and specialist health care across local areas: 2023-24	**Dr Erin Dakin (Lawn)** -Analysis -Report writing **John Craven** -Report QA **Dr Bowen Fung** -Analysis QA
[Current] Cost of accessing mental health services for young people	Jul-2026	As above, plus: 2024-25	As above, plus: Medicare-subsidised GP, allied health and specialist health care across local areas: 2024-25	**Dr Erin Dakin (Lawn)** -Analysis -Report writing **Dr Alex Gyani** -Report writing & QA **Elena Meyer zu Brickwedde** -Analysis QA