



Making it easier to access Medicare subsidised psychology sessions	
Party:	The Coalition
Summary of proposal:  The proposal would remove the current requirement for a GP referral at Session 6 from the 10 Medicare subsidised psychology sessions.  The proposal would be ongoing and start on 1 July 2025.	

## Costing overview

The proposal would be expected to increase the fiscal balance by \$86.2 million and the underlying cash balance by \$85.4 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects a decrease in both administered and departmental expenses associated with decreased claims for Medicare Benefits Schedule (MBS) items. The difference between the fiscal and underlying cash balances represents the time lag between when services are delivered, and rebates are paid.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

**Table 1: Making it easier to access Medicare subsidised psychology sessions – Financial implications (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	20.4	21.2	21.9	22.7	86.2
Underlying cash balance	19.7	21.2	21.9	22.6	85.4

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

## Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- Benefit rates for relevant MBS items would grow in line with Wage Cost Index 5 (WCI5), consistent with current indexation arrangements.
- The growth in the number of patients would be consistent with the projected population growth across the medium term.
- Demand for more than 6 sessions would be consistent with historical averages.

- Around 26% of total patients would use more than 6 sessions. This figure was calculated using the average number of sessions used per annum between 2018-19 and 2023-24.
- Due to the absence of behavioural data, no behavioural response to the removal of the referral is factored into this costing. If the policy were to be introduced, there may be increased demand from patients for whom the referral requirement is a barrier.
  - Such a behavioural response could result in material changes to the financial impacts.
- Half of referrals would be prescribed by general practitioners and the other half by medical practitioners.

## Methodology

Administered expenses were calculated using the estimated referral cost multiplied by the reduction in the number of referrals.

The MBS liability factor was then applied to the administered expenses to determine the difference between the fiscal and underlying cash balances.

Departmental expenses were calculated using the estimated reduction in the number of referrals by the unit price for MBS administration.

Financial implications were rounded consistent with the PBO's rounding rules.<sup>1</sup>

## Data sources

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

MBS online [Medicare Benefit Schedule](#), accessed 12 May 2025.

Services Australia provided the unit price for MBS administration as at the 2025-26 Budget.

The Department of Health and Aged Care provided historical services volumes data and benefits paid for the period 2018-19 to 2023-24 for all Better Access MBS items.

The Department of Health and Aged Care provided the MBS liability factor as at 2025-26 Budget.

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<sup>1</sup> <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

## Attachment A – Making it easier to access Medicare subsidised psychology sessions – Financial implications

**Table A1: Making it easier to access Medicare subsidised psychology sessions – Fiscal balance (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Expenses</b>													
<b>Administered</b>													
<i>Referral savings</i>	20.1	20.9	21.6	22.4	23.2	24.0	24.8	25.7	26.6	27.5	28.5	85.0	265.3
<b>Departmental</b>													
<i>Department of Health and Aged Care</i>	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	1.2	3.5
<b>Total (excluding PDI)</b>	<b>20.4</b>	<b>21.2</b>	<b>21.9</b>	<b>22.7</b>	<b>23.5</b>	<b>24.3</b>	<b>25.1</b>	<b>26.0</b>	<b>26.9</b>	<b>27.9</b>	<b>28.9</b>	<b>86.2</b>	<b>268.8</b>

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

**Table A2: Making it easier to access Medicare subsidised psychology sessions – Underlying cash balance (\$m)<sup>(a)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b>Payments</b>													
<b>Administered</b>													
<i>Referral savings</i>	19.4	20.9	21.6	22.3	23.1	23.9	24.8	25.7	26.6	27.5	28.5	84.2	264.3
<b>Departmental</b>													
<i>Department of Health and Aged Care</i>	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4	1.2	3.5
<b>Total (excluding PDI)</b>	<b>19.7</b>	<b>21.2</b>	<b>21.9</b>	<b>22.6</b>	<b>23.4</b>	<b>24.2</b>	<b>25.1</b>	<b>26.0</b>	<b>26.9</b>	<b>27.9</b>	<b>28.9</b>	<b>85.4</b>	<b>267.8</b>

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

**Table A3: Making it easier to access Medicare subsidised psychology sessions – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)<sup>(a)(b)</sup>**

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
<b><i>Fiscal balance</i></b>	0.4	1.4	2.4	3.5	4.6	5.9	7.3	8.8	10.4	12.1	13.9	7.7	70.7
<b><i>Underlying cash balance</i></b>	0.3	1.1	2.1	3.2	4.3	5.6	6.9	8.4	10.0	11.6	13.5	6.7	67.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary<sup>2</sup>.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

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<sup>2</sup> [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/online-budget-glossary)