



Permanently restoring 20 psychology sessions and investing in headspace centres, youth psychosis centres and additional Urgent Care Clinics

Party: The Coalition

Summary of proposal:

The proposal consists of 4 components:

- **Component 1:** Increase the number of Medicare-subsidised psychological sessions from 10 to 20.
- **Component 2:** Establish an additional 20 Urgent Care Clinics in Burnie, Cairns, Darwin, Hawkesbury, Healesville, Lane Cove, Maitland, Morisset, Reid, Rouse Hill, Sorell, Sturt and 8 unspecified locations.
- **Component 3:** Increase the number of headspace Early Psychosis Youth Service clusters from 8 to 20 over a 4-year period. The diagnosis coverage would be extended from psychosis to eating disorders, personality disorders, complex mood disorders and substance abuse.
- **Component 4:** Provide the following funding for investments in new or existing headspace centres across the country:
 - \$3.1 million for Ararat
 - \$3.1 million for Blacktown
 - \$6.2 million for Bondi Junction
 - \$6.0 million for Cairns
 - \$6.2 million for Darwin
 - \$6.2 million for Gosford
 - \$6.2 million for Indooroopilly
 - \$6.2 million for Melton
 - \$6.2 million for Newcastle
 - \$5.0 million for Parramatta.

Components 1 to 3 would be ongoing while Component 4 is non-ongoing. The proposal would start on 1 July 2025.

Additional information (based on further advice provided):

Component 2: Do not proceed with 30 of the additional 50 Urgent Care Clinics as announced in the 2025-26 Budget measure *Strengthening Medicare – Expanding Medicare Urgent Care Clinics*.¹

¹ Budget 2025-26 measure: *Strengthening Medicare – Expanding Medicare Urgent Care Clinics*: The Government will provide \$657.9 million over 3 years from 2025–26 to expand the Medicare Urgent Care Clinics Program. This will include an additional 50 Medicare Urgent Care Clinics across Australia, which will take the total number of Medicare Urgent Care Clinics to 137.

Costing overview

The proposal would be expected to decrease the fiscal balance by around \$477 million and underlying cash balance by around \$471 million over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects an increase in administered and departmental expenses. The underlying cash balance impacts differ slightly from the fiscal balance impacts due to time lags between when services are delivered and when subsidies are paid to health care providers for Component 1.

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: Permanently restoring 20 psychology sessions and investing in headspace centres, youth psychosis centres and additional Urgent Care Clinics – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-22.6	-81.7	-109.6	-263.5	-477.4
Underlying cash balance	-18.6	-80.7	-108.6	-263.5	-471.4

(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.

Uncertainties

The financial implications of Component 1 are highly uncertain and sensitive to a range of assumptions, including projections of service volumes of the affected MBS items over the costing period, and the supply and demand of the Better Access treatment services. There are further inherent uncertainties around the magnitude of behavioural responses to the Better Access treatment services.

The financial implications of Component 2 are sensitive to a number of factors including workforce, the level of demand and take up of services for each clinic. This could significantly impact the flow on costs to the Medicare Benefits Schedule (MBS) system or the operating costs of individual clinics.

The financial implications of Component 3 are uncertain and sensitive to assumptions around the costs of the additional Early Psychosis Youth Service Clusters as well as costs of the expanded diagnosis coverage.

The Parliamentary Budget Office (PBO) has not made any assessment as to whether the specified funding for Component 4 would be sufficient to meet the objectives of the proposal.

Key assumptions

The PBO has made the following assumptions in costing this proposal.

Component 1

- 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.

- Use of additional referral services would be consistent with historical averages and service usage type. This is based on Better Access data between 2020 and 2022, when the 10-session cap was lifted to 20 sessions a year in response to the COVID-19 pandemic.
 - 12% of patients would access more than 10 sessions, as occurred in 2021-22, the first full financial year in which 20 subsidised sessions were available.
 - Patients seeking more than 10 sessions would receive an additional 4.65 sessions on average, as occurred in 2021-22.
- Patients wishing to access more than 10 sessions would require a referral. Referral appointments and check-ups are in addition to regular services.
- Half of referrals would be prescribed by general practitioners and the other half by other medical practitioners.

Component 2

- Funding for 20 additional urgent care clinics would be provided over 3 years consistent with the Government's 2025-26 Budget measure for 50 additional clinics.

Component 3

- The baseline funding profile for Early Psychosis Youth Service clusters would grow in line with the budgeted growth rate from 2024-25 to 2025-26 across the medium term.
- Three new clusters would be established per year from 2025-26 until the target of 20 is reached in 2028-29.
- New clusters would require 50% more funding in their first year to account for establishment costs.
- While new clusters are being established, the Department of Health and Aged Care would require 2 additional staff to coordinate site selection and manage the awarding of grants.
- The extension of the diagnostic coverage would not result in additional costs.

Methodology

Component 1

The administered expenses are the additional benefits required under the proposal, driven by the expected additional service volume and/or the higher MBS rebates.

The number of patients expected to use over 10 services per year was estimated as per *Key assumptions*. The additional services were then multiplied by the relevant MBS rebates.

Departmental costs were estimated by multiplying the number of new services to be delivered by the average unit price for MBS administration provided by Services Australia.

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

Component 2

The Department of Finance provided the Budget measure movement summary for the 2025-26 Budget measure *Strengthening Medicare – Expanding Medicare Urgent Care Clinics*.

Establishing an additional 20 Urgent Care Clinics was estimated in proportion to the 2025-26 Budget measure to establish an additional 50 Urgent Care Clinics.

Provision for the 50 urgent care clinics currently in the budget baseline was reversed with funding returned to consolidate revenue.

Component 3

The baseline funding profile for Early Psychosis Youth Service clusters was increased in line with the increased number of clusters in the policy scenario, with an additional 50% applied in the year of establishment for new clusters.

Forward estimates data was provided by the Department of Health and Aged Care and medium-term data estimated as per *Key assumptions*.

Departmental expenses were estimated using the PBO's departmental costing calculator.

Component 4

This component is capped at a fixed amount and assumed to be distributed evenly over the forward estimates period (4 years). Departmental expenses were estimated based on the cost of administering similar programs and are assumed to be in addition to the capped funding amount. Administered expenses are as specified in the proposal. We assume that no funds allocated to a given year are left unspent.

All components

Financial implications were rounded consistent with the PBO's rounding rules.²

Data sources

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

Department of Health and Aged Care, [Better Access initiatives](#), accessed 16 May 2025.

Department of Health and Aged Care, [Evaluation of the Better Access initiative – final report](#), accessed 16 May 2025.

MBS online, [Medicare Benefit Schedule](#), accessed 16 May 2025.

Service Australia, [Better Access initiative – supporting mental health care](#), accessed 16 May 2025.

The Department of Finance provided the Budget measure movement summary as at the 2025-26 Budget.

The Department of Health and Aged Care provided data on Commonwealth funding for the Early Psychosis Youth Service Program.

The Department of Health and Aged Care provided historical services volumes data and benefits paid for the period 2018-19 to 2022-23 for all Better Access MBS items.

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

² <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

The Department of Health and Aged Care provided Urgent Care Clinic costing model from the 2024-25 Budget.

Attachment A – Permanently restoring 20 psychology sessions and investing in headspace centres, youth psychosis centres and additional Urgent Care Clinics – Financial implications

Table A1: Permanently restoring 20 psychology sessions and investing in headspace centres, youth psychosis centres and additional Urgent Care Clinics – Fiscal balance (\$m)^(a)

	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
Expenses													
Administered													
<i>Increase to 20 psychology sessions - additional services</i>	-118.0	-119.0	-123.0	-127.0	-131.0	-136.0	-141.0	-146.0	-151.0	-156.0	-162.0	-487.0	-1,510.0
<i>20 additional Urgent Care Clinics</i>	-99.5	-77.7	-78.6	-	-	-	-	-	-	-	-	-255.8	-255.8
<i>Do not proceed with Urgent Care Clinics from 2025-26 Budget</i>	249.0	194.0	197.0	-	-	-	-	-	-	-	-	640.0	640.0
<i>Early Psychosis Youth Service</i>	-40.0	-67.0	-93.0	-121.0	-107.0	-108.0	-108.0	-108.0	-109.0	-109.0	-109.0	-321.0	-1,079.0
<i>Headspace centres</i>	-13.6	-13.6	-13.6	-13.6	-	-	-	-	-	-	-	-54.4	-54.4
Total – administered	-22.1	-83.3	-111.2	-261.6	-238.0	-244.0	-249.0	-254.0	-260.0	-265.0	-271.0	-478.2	-2,259.2
Departmental													
<i>Increase to 20 psychology sessions</i>	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-3.3	-9.9
<i>20 additional Urgent Care Clinics - implementation</i>	-1.2	-2.3	-2.3	-	-	-	-	-	-	-	-	-5.8	-5.8
<i>Do not proceed with Urgent Care Clinics from 2025-26 Budget</i>	2.9	5.7	5.7	-	-	-	-	-	-	-	-	14.3	14.3
<i>Early Psychosis Youth Service - establishing</i>	-0.4	-0.4	-0.4	-0.4	-	-	-	-	-	-	-	-1.6	-1.6
<i>Headspace centres</i>	-1.0	-0.6	-0.6	-0.6	-	-	-	-	-	-	-	-2.8	-2.8
Total – departmental	-0.5	1.6	1.6	-1.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	0.8	-5.8
Total – expenses	-22.6	-81.7	-109.6	-263.5	-238.9	-244.9	-249.9	-254.9	-261.0	-266.0	-272.0	-477.4	-2,265.0
Total (excluding PDI)	-22.6	-81.7	-109.6	-263.5	-238.9	-244.9	-249.9	-254.9	-261.0	-266.0	-272.0	-477.4	-2,265.0

(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.

- Indicates nil.

Table A2: Permanently restoring 20 psychology sessions and investing in headspace centres, youth psychosis centres and additional Urgent Care Clinics – Underlying cash balances (\$m)^(a)

	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
Payments													
Administered													
<i>Increase to 20 psychology sessions - additional services</i>	-114.0	-118.0	-122.0	-127.0	-131.0	-136.0	-141.0	-146.0	-151.0	-156.0	-162.0	-481.0	-1,504.0
<i>20 additional Urgent Care Clinics</i>	-99.5	-77.7	-78.6	-	-	-	-	-	-	-	-	-255.8	-255.8
<i>Do not proceed with Urgent Care Clinics from 2025-26 Budget</i>	249.0	194.0	197.0	-	-	-	-	-	-	-	-	640.0	640.0
<i>Early Psychosis Youth Service</i>	-40.0	-67.0	-93.0	-121.0	-107.0	-108.0	-108.0	-108.0	-109.0	-109.0	-109.0	-321.0	-1,079.0
<i>Headspace centres</i>	-13.6	-13.6	-13.6	-13.6	-	-	-	-	-	-	-	-54.4	-54.4
Total – administered	-18.1	-82.3	-110.2	-261.6	-238.0	-244.0	-249.0	-254.0	-260.0	-265.0	-271.0	-472.2	-2,253.2
Departmental													
<i>Increase to 20 psychology sessions</i>	-0.8	-0.8	-0.8	-0.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	-3.3	-9.9
<i>20 additional Urgent Care Clinics - implementation</i>	-1.2	-2.3	-2.3	-	-	-	-	-	-	-	-	-5.8	-5.8
<i>Do not proceed with Urgent Care Clinics from 2025-26 Budget</i>	2.9	5.7	5.7	-	-	-	-	-	-	-	-	14.3	14.3
<i>Early Psychosis Youth Service - establishing</i>	-0.4	-0.4	-0.4	-0.4	-	-	-	-	-	-	-	-1.6	-1.6
<i>Headspace centres</i>	-1.0	-0.6	-0.6	-0.6	-	-	-	-	-	-	-	-2.8	-2.8
Total – departmental	-0.5	1.6	1.6	-1.9	-0.9	-0.9	-0.9	-0.9	-1.0	-1.0	-1.0	0.8	-5.8
Total – payments	-18.6	-80.7	-108.6	-263.5	-238.9	-244.9	-249.9	-254.9	-261.0	-266.0	-272.0	-471.4	-2,259.0
Total (excluding PDI)	-18.6	-80.7	-108.6	-263.5	-238.9	-244.9	-249.9	-254.9	-261.0	-266.0	-272.0	-471.4	-2,259.0

(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.

- Indicates nil.

Table A3: Permanently restoring 20 psychology sessions and investing in headspace centres, youth psychosis centres and additional Urgent Care Clinics – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	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
<i>Fiscal balance</i>	..	-3.0	-7.0	-16.0	-27.0	-39.0	-52.0	-66.0	-81.0	-96.0	-113.0	-26.0	-500.0
<i>Underlying cash balance</i>	..	-2.0	-6.0	-13.0	-24.0	-36.0	-49.0	-63.0	-77.0	-92.0	-109.0	-21.0	-471.0

- (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 glossary³.
- (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.
- .. Not zero but rounded to zero.

³ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au/)