



The hidden cost

Unveiling the economic and social burden of mental health in Asia Pacific

Executive Summary



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Context

Mental health has gained renewed attention throughout Asia Pacific (APAC). In 2021, KPMG, in collaboration with Johnson & Johnson, jointly released a landmark whitepaper for APAC leaders regarding the rising social and economic cost of major depression, one of many mental health challenges. Four years on, this new whitepaper outlines what has changed (and what has not) in addressing the impacts of mental health more broadly in the region.

KPMG, sponsored by Johnson & Johnson, assessed the mental health landscape in seven countries and jurisdictions in APAC (Australia, Chinese mainland, Hong Kong Special Administrative Region (SAR), Japan, Singapore, South Korea and Taiwan). This whitepaper examines the advancements made since the 2021 publication, identifies new barriers and proposes future considerations to three main themes (please refer to **Table 1**) on improving access to mental healthcare, modernizing health system design and advancing policies across APAC.



Mental health is recognized and accepted by governments in APAC region as a condition impacting a broad range of stakeholders, yet without appropriate and fair access to treatment for all. There needs to be a real solution that supports the community.”

Peter Liddell
Head of Life Sciences,
KPMG Asia Pacific

Why mental healthcare matters in Asia Pacific

The APAC region accounts for about 50 percent of the global disability-adjusted life years (DALYs)¹ — the total years of life lost due to premature mortality and years lived with a disability² — related to mental health. What is more, the prevalence of mental health conditions in APAC rose by 47 percent between 1990 and 2019.³ The top three mental health conditions contributing to the burden of disease in APAC are depressive disorders, anxiety and schizophrenia.^{4 5}

Mental health is closely connected to overall physical well-being. Poor mental health negatively impacts quality of life, reduces economic productivity and compromises general health outcomes, while driving up healthcare costs.

As the region experiences rapid urbanization, economic prosperity and increasing social pressures, challenges in mental health add to the rising economic and social burden, as seen in:



High out-of-pocket costs for mental healthcare compared to general medical conditions (e.g. in Singapore, there is a five-fold difference in claim limits between psychiatric care and standard ward services).⁶



Significant financial and social burden on patients and caregivers (e.g. in Australia, 37.2 hours of primary caregiving are required each week.⁷



Continued under-investment in mental healthcare (e.g. in South Korea, the mental health budget accounted for only around 3 percent of the total health budget in 2024).⁸



For too long Mental Health has been the ‘silent’ and ‘stigmatized’ killer in Asia Pacific; with mental, neurological, and substance use disorders and self-harm (MNSS) accounting for a quarter of non-fatal disease burden in Asia Pacific (OECD 2021). As we jump on the hype cycle of AI in Healthcare, there is an unprecedented opportunity to ‘wipeout’ past preconceptions and ride into an era of intelligent mental healthcare that is digitally-enabled, person-centric and equitable. It’s time to make ‘the invisible’, visible.”

Anastasia Miros
Director – Healthcare and Life Sciences,
KPMG Asia Pacific

Table 1. Main themes explored in this whitepaper

	Access to care	Health system reform	Policy development
What is it?	Appropriate resource allocation and financial investment enable equitable and sustainable access to preventative care, treatment and community-based services	Redesign of health systems and patient care pathways, supported by a strong mental health workforce, to enable online-offline models of care	Government-led initiatives and policies empower society through improved literacy and awareness, which serve to build mental health knowledge and reduce public stigma
Why is it important?	Ensures individuals receive timely, appropriate mental health services and access to the latest treatment innovation, thus reducing the overall burden of mental health issues on society and improving productivity and quality of life	Integrates mental health services into the broader healthcare system, promoting efficiency, reducing stigma, enhancing multi-dimensional care and ensuring that mental health is prioritized in the same way as physical health	Provides a framework for implementing and sustaining mental health initiatives, ensuring resources are allocated effectively and there is a coordinated effort to address mental health challenges at a systemic level

Pressing mental healthcare challenges in Asia Pacific

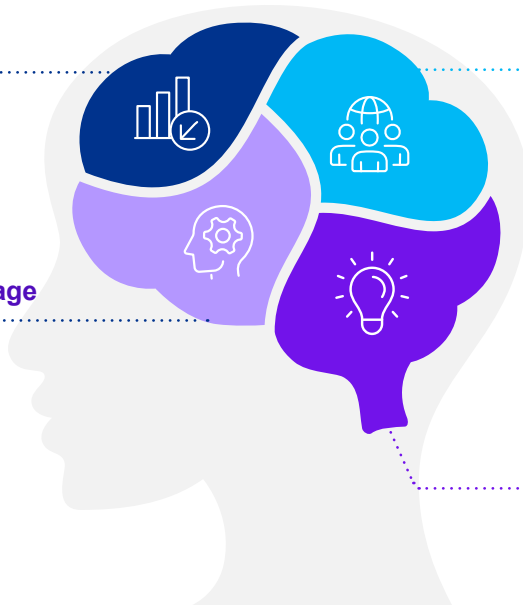
Mental healthcare challenges are multi-faceted. Some of the more pressing issues to address include:

Sustained under-investment in mental healthcare compared to physical health

High-income economies should allocate at least 10 percent of their health budgets to mental health, but APAC markets fall short.⁹

Mental healthcare resource shortage

A shortage of mental health professionals and psychiatric beds continues to add pressure to the already constrained healthcare system.



Access inequity

Discontinuity across the care continuum is manifested in the limited coordination between inpatient and outpatient care where patients are not aware of care options beyond the hospital walls. This is exacerbated by inequitable resource distribution across metropolitan and remote areas.

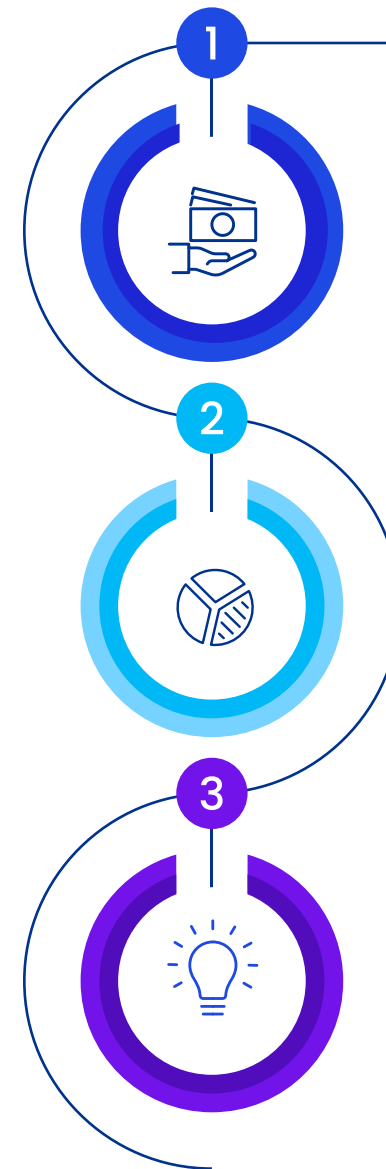
Limited innovation

Limited and slow adoption of digital and treatment innovation in mental healthcare.



Opportunities for change

Three key areas are identified for policymakers to bring about the most needed change. Specifically, increasing:



INVESTMENT

Although there are policies aimed at raising awareness, prevention and research in mental health, all APAC markets examined in this paper fall short of the recommended share of health expenditure allocated to mental healthcare (ranging from 1.2 percent to 8.8 percent, compared to the international benchmark of 10 percent for high-income markets).¹⁰ Policies and targeted investments in mental healthcare could be augmented in order to address system challenges, such as workforce and infrastructure shortages, implementing effective campaigns and education to reduce cultural stigma, and financing the development, access and adoption of innovation in mental healthcare.

AVAILABILITY

Only one of the seven APAC markets studied in this whitepaper meets the recommended ratio of 10 psychiatrists¹¹ (with the lowest being 3.6) per 100,000 of the population,¹² while just two markets meet the optimal 60 mental health beds¹³ (with the lowest being 37.6) per 100,000 of the population.¹⁴ Future policies could focus on addressing access disparities driven by geographical factors (e.g. 20 psychiatrists per 100,000 people in urban areas in Japan compared to 5 in remote areas)¹⁵ and other social determinants of health (such as education, income level, digital literacy). Other than increasing capacity, mental health policies must improve workforce capabilities and reduce stigma surrounding mental healthcare as a profession, promote upskilling to provide culturally sensitive care and increase workforce diversity (e.g. increasing the representation of mental healthcare professionals from First Nations backgrounds to better serve Aboriginal and Torres Strait Islander populations in Australia).¹⁶

INNOVATION

Innovation in mental health across the standard of care, from prevention, diagnosis, treatment and monitoring, remains limited. Progress in innovation continues to lag behind that in other therapeutic areas. For example, in 2023, venture funding in oncology (US\$334.2 million) and cardiology (US\$321.9 million) in APAC was more than double the funding allocated to mental health (less than US\$150 million).¹⁷ Between 2018 and 2022, only 4.8 percent of FDA-approved drugs targeted psychiatric conditions, compared to 35.1 percent for hematology and oncology.¹⁸ Similarly, in 2024, the FDA approved more than 60 new drugs for oncology, compared to seven for psychiatry.^{19 20} Policies of the future should move beyond point solutions and instead incentivize more disruptive innovation through the provision of grants and subsidies for digital solutions (e.g. digital and pharmaceutical therapeutics, Medtech devices) and treatments (e.g. newer generations of medication) across the full care spectrum. Additionally, such policies could invest in building capacity for the design and deployment of digital systems, new models of care and emerging technologies.



Call-to-action

Improving the mental healthcare landscape requires multi-stakeholder effort. Policymakers are encouraged to discuss the recommendations presented in this paper. Short to medium-term actions can include:

Tackling under-investment

by allocating at least 10 percent of the total healthcare budget to align with international benchmarks, exploring alternative funding mechanisms to incentivize ongoing innovations in mental healthcare, ensuring that patients can access best-in-class innovation across the entire care continuum, and updating mental health strategies and policies to better address the changing needs of local populations.

De-stigmatizing mental health

through a life-course approach to education, where communication channels and messaging are tailored to the specific needs of each life stage. This includes integrating mental health education into primary and secondary school curricula and offering workplace training to raise awareness and provide support for employee mental wellness.

Improving availability of resources

by increasing the number of psychiatrists to 10 per 100,000 population and mental health beds to 60 per 100,000 population. Importantly, develop policies that address current access disparities (e.g. inequitable resource distribution across geographies, digital literacy levels, health systems maturity, and integration), expand infrastructure capacity (e.g. psychiatric bed-to-patient ratios) and strengthen the future workforce's capacity and capabilities (e.g. provision of specialized, industry-based training for psychologists, culturally sensitive and inclusive practices).

Innovating the standard of care

that extends beyond point solutions to develop comprehensive care pathways that integrate innovation (e.g. digital health, digital therapeutics, medical devices) across prevention, diagnosis, treatment and monitoring. Future policies can focus on fostering multi-stakeholder collaboration, promoting investment and adopting innovation in the healthcare system.

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