1. Introduction

1.1. Background and Motivation of Research

From around 1960 onwards, provision of mental health care in most of the ‘Western societies’ has undergone substantial changes (Bauer, Engfer and Rappl 1991; Bennett 1995; Goodwin 1997). In many countries these processes are still under way. The common idea of the developments has been to reorganise and reshape mental health care from centralised asylum based care to decentralised and deinstitutionalised community based mental health care. Central characteristics of the transformation process have been that firstly, the concept of mental illness has changed from the hitherto normal-pathological dualism to the concept of illness development on a continuum, ranging from normal to pathological. Secondly, the causes for mental illness and the factors for progression of the illness have been recognised as being multiple including biological, psychological and social aspects. Thirdly, the location and organisation of service provision has been characterised by the replacement of asylums with decentralised structures of services. And, finally, the number of involved occupational groups has increased. Treatment or care are carried out by multiprofessional teams and they are characterised by a less paternalistic relationship with the patient (Forster 1997).

As a consequence of the ongoing restructuring processes, current mental health care issues are associated with several challenges. Thus, after a period in which mental health care reform was very much focusing on removing the worst conditions, e.g. by closing several large asylums (Goodwin 1997; Haug and Rössler 1999), more differentiated questions about adequate service provision have arisen. With shifting paradigms in mental health care, new approaches in service provision are required (e.g. Balk 1998; Thornicroft 2001). Notably, various actors have postulated a change from so-called supply-oriented to individual person-oriented and needs-based mental health care (e.g. Bundesministerium für Gesundheit 1999; Kruckenberg 2000).

Apart from restructuring, further challenges are posed by the fact that mental health care ranges beyond the health care system, as it is understood in a traditional sense. Thus, it is very common that mental illness is associated with social isolation, homelessness and accommodation problems or unemployment. Both, the characteristics and aims of the ongoing restructuring processes in mental health care as well as the difficulties linked with mental illness per se imply that reorganising mental health care not only requires medical discussions but has to be embedded in the broader context of economic and social policy issues.

At the same time, overall conditions within which needs and service provision are being discussed, have changed. Concerning health and social policy, a greater emphasis has been put on issues of efficiency, effectiveness and quality of services, the more so, as expenditure limits within the social and health care sector
have become increasingly tight. This, once again, makes clear that mental health care implies more than ‘psychiatry’ in a narrow sense. Warner (1994, xi) emphasises: “To understand [mental illness] we need to step outside psychiatry. We have to venture into the territory of the sociologists, the anthropologists and the historians; we must enter the province of epidemiologists, social psychiatrists, economists and political scientists”. I believe that this is equally true for understanding mental health care. In addition to multidisciplinary perspectives, I consider it important to address different levels of mental health care. That is to take into account content as well as context and actors as well as structures of mental health care, whichever the specific areas of interests are. These viewpoints are reflected in the approach of the thesis which attempts to address mental health care from a multi-level and interdisciplinary perspective.

Since the project is a one-person undertaking it would, obviously, be impossible to integrate all disciplines which might be relevant. Hence, this thesis will be guided by a social policy perspective, whereby social policy is understood in an interdisciplinary manner as the intersection of economics, sociology and political science. This perspective has been found important for two reasons. Firstly, it has been rather neglected in research so far. For example, despite growing awareness of the costs of mental illness from a macro-economic point of view (e.g. Rice et al. 1992), mental health care has rarely been addressed in health policy and related health care economics research. Research on specific topics has mainly been conducted in Anglo-American countries (e.g. Frank and Manning 1992; Knapp 1995; Netten and Beecham 1993; Williams and Doessel 2001). In continental Europe, as for example in Germany (e.g. Frick, Rehm and Cording 2001; Rössler 2001; Salize 2001) and in Austria, a discourse is only at the beginning.

Apart from the research area, a thorough social policy perspective has secondly been neglected in the more practical field of mental health care planning. This observation is not least based on my own experience when I was involved in the evaluation of the ‘Lower Austrian Mental Health Care Plan’ (Katschnig, Denk and Weibold 2003) and in the ‘Upper Austrian Mental Health Care Planning Project’ (Landesregierung Oberösterreich 2003). While numerous debates have taken place concerning the adequate type and level of mental health care, little attention has been drawn to the challenges these issues imply for social policy measures. Or otherwise, where social policy aspects have been addressed, the debates have either taken place rather isolated from general debates on reforming mental health care provision or relevant social policy issues have not been covered in detail. Hence, one central personal interest of the thesis is to further integrate the fields of mental health care and social policy in an interdisciplinary manner for the Austrian context. This, I believe, is not only a challenge from an academic point of view but, as mentioned above, should also shed some more
light to issues concerned with mental health policy in general and mental health care planning, service provision and financing in particular.

1.2. Research Question

The thesis focuses on one major aspect in the field of overall social and specific mental health policy, that is financing mental health care. The term ‘financing’ is to be understood in a very broad manner, including financing structures such as sources of financing and resource allocation issues as well as actors involved. This subject has been chosen because it is assumed that mental health care financing plays a central role within any (successful) restructuring process in mental health care and because financing issues have been broadly neglected in reform discussions so far. Yet, a challenge for addressing the financing question is provided by the fact that the reform process often appears rather incoherent and is characterised by ambiguous strategies, interests and objectives. Based on that initial situation, the central research interest is firstly, to identify the overall content of mental health care reforms and the political economic context, reforms are embedded in and to, secondly, explore the challenges for mental health care financing with respect to its interdependency with service provision in the process of change.

Via more specific sub-questions I am, firstly, exploring current mental health care financing structures both, nationally and internationally. Secondly, I am going to address what the aims of the reforms are, how they have changed over time and how they are interwoven with mental health care financing. In that respect, I will additionally explore the role of the broader political economic context in the relation between mental health reform and financing structures. Thirdly, I seek to examine the current mental health care financing system according to its impact at the micro-level and at the macro-level of service provision against the backdrop of ongoing changes. Based on these results and experiences, I will, finally, attempt to develop cornerstones for a mental health care financing approach in Austria.

The entire thesis will be characterised by a dialectic approach shifting between analysing the political economic context where reform initiatives and financing systems are embedded, and analysing specific elements of either mental health care or financing issues. Overall, the thesis is based on the results of a two-year research project which was funded by the Austrian federal bank from October 2002 to July 2004 (Zechmeister and Österle 2004).
1.3. Methods, Methodology and Epistemological Background

As it has become clear from the research question and the subject of research, the thesis focuses on understanding historical developments and processes as well as the dialectic interplay between specific single issues and the overall context of the object under scrutiny. The purpose of the research is not primarily to find causes for the phenomena which are analysed but it aims at better understanding the nature of a phenomenon via an exploratory approach. Thus, concerning the method, it seemed reasonable to choose a qualitative approach. In detail, the study focuses on a combination of qualitative approaches. Using multiple methods, which is known under the term ‘triangulation’, is at the same time a way of assuring reliability in qualitative research, since weaknesses of single methods can be overcome and the in-depth understanding of the phenomenon under evaluation is enhanced (Denzin 1989).

Qualitative methods which will be applied are, firstly, a discourse analysis in order to evaluate Austrian reform documents, secondly, the interpretation of qualitative interviews of relevant key actors and, thirdly, case-studies of national and international mental health care financing processes. Overall, the methods employed can be summarised under the so-called ‘interpretative social science research’, described in detail by Lueger (2001).

From an epistemological point of view, every scientific method implies a specific methodological framework which reflects epistemological positions. Thus, in following a qualitative approach, the study is based on the constructivist theoretical assumption that reality is constructed via (inter)active social processes and that the sense of phenomena is socially constructed. This position dismisses the notion of objectivism, since any (apparently objective) facts of reality are nothing else than subjectively constructed expressions of reality and are therefore relative. Consequently, the constructivist epistemological position contrasts with the prevailing Popperian Critical Rationalism and its positivist epistemological approach. From that perspective, ‘subjectivist constructionism’ and ‘objectivist positivism’ are two contrasting theories which both reflect a form of dualism. However, as has been pointed out, a study which is based exclusively on either of these concepts inevitably ends up in some shortcoming (e.g. Novy 2002). Objectivism, on the one hand, tends to reduce complex social realities to social regularities or ‘social laws’. On the other hand, in the case of subjectivism, the existence of any social order is denied entirely due to the argument that anything is relative. In the latter case, research simply tries to explore independently constructed ‘micro-realities’ without relating them to an overall context.

---

1 Positivism, as a form of objectivism and rationalism claims that reality exists outside of our subjective mind. As human subjects we are situated opposite this objective and autonomous social reality. With correct empirical methods, it is argued, this reality can be grasped. Studies which follow this approach are aiming at identifying causal relationships and social functions.
Consequently, an entirely subjectivist constructivist approach was found inadequate for the following study. In that respect, the epistemological background of this study does not exclusively rest on constructivism but on a synthesis of the subjectivism-objectivism dualism. Thus, it disagrees with the hypothesis that social reality can entirely be explained via formalised laws and the related notion of ‘objectivity’ as much as it disagrees with a restrictive focus on subjectivity, where individual constructions of reality are analysed independently of the interrelations with the overall context. Central to the present research approach is the dialectic interrelation between the acting subject and her/his social and physical world and the associated perspective that interacting individuals are within and not opposite their social world.

It follows from these assumptions that as a researcher, I am myself part of the social reality I am exploring. Secondly, I am, consequently, constructing reality via the research process and during that process I am, furthermore, influenced by my social and physical environment. In that context, the epistemological position is influenced by Hegel’s dialectic concept of processes as well as by the ‘Critical Theory’ (Schülein und Reitze 2002).

The methodological principles of qualitative research do not only reflect specific epistemological theories but the concepts of these theories have, moreover, consequences for the entire research process. This concerns the organisation and procedure of the research process, the sampling strategies and, not least, the selection of theories for the theoretical framework of the thesis.

Firstly, following the principles of qualitative research, flexibility within a defined research framework will be allowed, thus adapting the research process to its specific requirements.

Secondly, the actual empirical research process has to be understood as circular and will be characterised by recurring phases of data collection and analyses and phases of reflection in between which will finally lead to ‘theoretical saturation’. This reflects a sampling strategy which is different from conventional ‘statistical sampling.’ Hence, the qualitative approach is not necessarily defined by using qualitative data but by a distinct procedure and attitude which pervades the entire research process. Consequently, where relevant and where possible to acquire, also quantitative data will be used for description and evaluation.

Finally, concerning the selection of theory throughout the thesis, some thoughts have been spent on the interrelation between epistemological approach and theories of a discipline. Since ‘financing’ (as it has been defined) is an economic subject and social policy (which has been chosen as primary...
Introduction

perspective) has been dominated by the discipline of economics in the German speaking area (Kaufmann 2003), a brief analysis of mainstream economic theory from an epistemological point of view was found to be important: Theoretical concepts of disciplines are, on the one hand, concerned with the subject matter of the discipline. Beyond that they, additionally, reflect specific epistemological and methodological approaches which are apparent in their premises and their historical developments. Weintraub (2002, 2) has described the former issues as the “discipline’s knowledge” whilst the latter ones concern the “image of knowledge”. The discipline of economics has been dominated by orthodox neoclassical theory for several decades. This is particularly the case for the core normative and behavioural assumptions, the sub-discipline ‘health care economics’ is predicated on (Mannion and Small 1999; Schulenburg 2000). Orthodox neoclassical economic theory and its derivatives are for the most part contradictory to the methodological foundation and the related epistemological background of the qualitative approach. This is due to the logic of those theories and the premises which are underlying them.

The model of human behaviour, which is used in orthodox neoclassic is the ‘homo oeconomicus’. As a simple construct of the mind, the concept of individual utility maximising is put at the centre of this model. The according theoretical meta-concept is named ‘methodological individualism’ which attempts to make explanations exclusively in terms of individuals. This logic has been applied for different issues of ‘the social’, be it the family (e.g. Becker 1991), the health care system or any other social issue. Additionally, it has been pointed out that the neoclassical school has transformed economic processes into rational theoretical models to be analysed via formalised and mathematical methods. Empirical research has, correspondingly, been focussed on quantitative methods. This theoretical and empirical approach should convey objectivity and should, not least, transform economics into a discipline of natural sciences (e.g. Michalitsch 2000).

As stated by Schülein (1994), scholars have accused this concept for ideological bias and theoretical inadequacy and have explained this as follows. First of all, economics cannot be reduced to mathematical formulas. Secondly, the focus on individual action neglects the influence of social structures and dependencies on human action. Thirdly, complex social realities cannot solely be explained via utility maximisation and fourthly, the assumption that every person acts rationally is inappropriate to improve understanding of specific situations and constellations. Overall, the prevalent theorems mask micro- and macro-social contexts and understand human action within a specific and rather restrictive form of logic. Most significantly, they do not allow questions which address the embedding of single phenomena within an overall context, because this context is usually externalised in traditional economic models via ‘ceterus paribus’ clauses. Although orthodox economics may have broadened its approaches to study
rational choice, as for example the rise of behavioural economics shows, critics have argued that in their very essence, these approaches are a continuation of the neoclassical tradition (Rothschild 2002).

The subject of the thesis questions orthodox economics in a threefold manner. First of all, the research question addresses complex social circumstances which can only to a marginal extent be answered via ‘restricted ceterus paribus conditions’ and formalised economic laws. Secondly, according to Williams and Doessel (2001), the subject of mental health and/or mental illness is in itself a challenge for the concept of the homo oeconomicus as one has to ask to which degree the theorems are useful when ‘Homo Oeconomicus’ has a mental disorder. Thus, mental illness poses a fundamental problem for prevailing economic methodology, in particular for the assumption about economising behaviour. This is even more of relevance, as struggles against discrimination and stigmatisation have been significant issues for mental health issues for several decades. The concept of the homo oeconomicus which represents human beings as subjects without culture, history, tradition and social relation (Michalitsch 2000) externalises variables which are related to discrimination or stigmatisation and does, therefore, not allow to adequately address fundamental issues of mental health care. One of the major shortcomings in that context is the absence of power in contemporary economic theory (Rothschild 2003). Thirdly, orthodox neoclassical theorems are based on a positivist epistemological position. Yet, in the in-depth genealogical analysis ‘Madness and Society’, Foucault (1973) has indicated that positivism plays an equivocal role in context with mental illness. Noticeably, he showed interesting parallels between the development of positivism and the construction of ‘madness’ which was linked to the rise of the asylums in the late 19th century.

On the whole, these considerations have made clear that for answering the research question an orthodox (positivist) economic approach concerning the theoretical concepts used would be inadequate. In this respect, I shall call the theoretical focus which will be followed ‘socio-economic’ which once more reflects the interdisciplinary approach I seek to undertake. Not least, this theoretical focus will allow for conceptualising mental health care financing in such a way as to capture the social and political economy within which it is embedded.

1.4. Structure

The remainder of the thesis is divided into seven chapters. In chapter 2, I will outline different perspectives of mental illness, including a brief historical overview about the concepts of mental illness, the relationship between socio-
Introduction

economic factors and mental illness as well as data about the epidemiology and the (economic) burden of mental illness.

In chapter 3, Austrian mental health care structures will be portrayed in terms of types and number of available services and categories of service providers. In addition to the current service landscape, developments over the last years will be addressed.

Chapter 4 will focus on mental health care financing issues from a descriptive perspective. The chapter covers an overview about financing arrangements in Western Europe, followed by three case studies from the UK, Germany and Austria where financing structures and processes will be addressed in more detail.

In chapter 5, I will provide an in-depth analysis of mental health care reform objectives. Starting with a summary of mental health care reform processes in Western Europe since the 60ies, the analysis subsequently focuses on mental health care reform objectives and processes in Austria. This contains a discourse analysis of different Austrian reform documents and interview transcripts. The results of this exploration will be used as contextual background and as an indicator of change for the analysis in chapter 6.

In chapter 6, the results from the discourse analysis in chapter 5 and the empirical data from chapter 4 will be linked to study the role of mental health care financing in the context of reform processes. In particular, implications from financing structures and processes will be addressed. This includes firstly, an analysis on the macro-level looking at the role financing plays in shaping the relations between overall societal structures; secondly this part provides an analysis on the micro-level which concentrates on the impacts of financing issues on affected individuals and their relatives.

The final chapter 7 summarises the results and attempts to conclude the thesis with some criteria for financing approaches and some cornerstones for future financing scenarios.