



# Sustainable Funding for Australia's Future Health Care

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CEDA Conference – Melbourne  
October 29<sup>th</sup> 2008

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# The changing Scene!

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# Form of Presentation

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- What do we want our health system to *do*?
- A scan of trends in current expenditure patterns and financial arrangements
- The drivers of financial demand for the future
- The current reform agenda – are we on track and how does the public see it?
- The things we need to do
- The contribution of prevention – what we should and should not expect of it.



## What do we need our Health Service to *do*?

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- ❑ Pellegrino's 'taxi driver survey' – saving life, transferring anxiety for next step, relieving pain
- ❑ Faunce's central ethic of health care – the compassionate relief of the suffering individual
- ❑ *Maintain* health
- ❑ Contribute to social capital – through caring
- ❑ Contribute to economic activity including improved productivity
- ❑ Maintain the commitment of professionals and investors
- ❑ Not bankrupt the economy, thank you!



# Citizens' Views about their Health Care Systems – *Commonwealth Fund* – 2008

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	Australia %	Canada %	NZ %	UK %	USA %
<b>Only Minor Changes Needed</b>					
1998	19	20	9	25	17
2001	25	21	18	21	18
2007	18	26	26	26	16
<b>Fundamental Changes Needed</b>					
1998	49	56	57	58	46
2001	53	59	60	60	51
2007	55	60	56	57	48
<b>Rebuild Completely</b>					
1998	30	23	32	14	33
2001	19	18	20	18	28
2007	18	12	17	15	34



# Matters of Concern for new federal

## Government – *Armstrong, Russell, Gillespie et al. MJA 2007*

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- Changes in demography and disease patterns as the population ages, and the burden of chronic illness grows;
- Increasing costs of medical advances and the need to ensure that there are comprehensive, efficient and transparent processes for assessing health technologies;
- Problems with health workforce supply and distribution;
- Persistent concerns about the quality and safety of health services;



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- ❑ Uncertainty about how best to balance public and private sectors in the provision and funding of health services;
- ❑ Recognition that we must invest more in the health of our children;
- ❑ The role of urban planning in creating healthy and sustainable communities; and
- ❑ Understanding that achieving equity in health, especially for Indigenous Australians, requires more than just providing health care services.



# Trends in Current Expenditure –

*Menzies Oration – Gary Banks – Canberra, 2008*

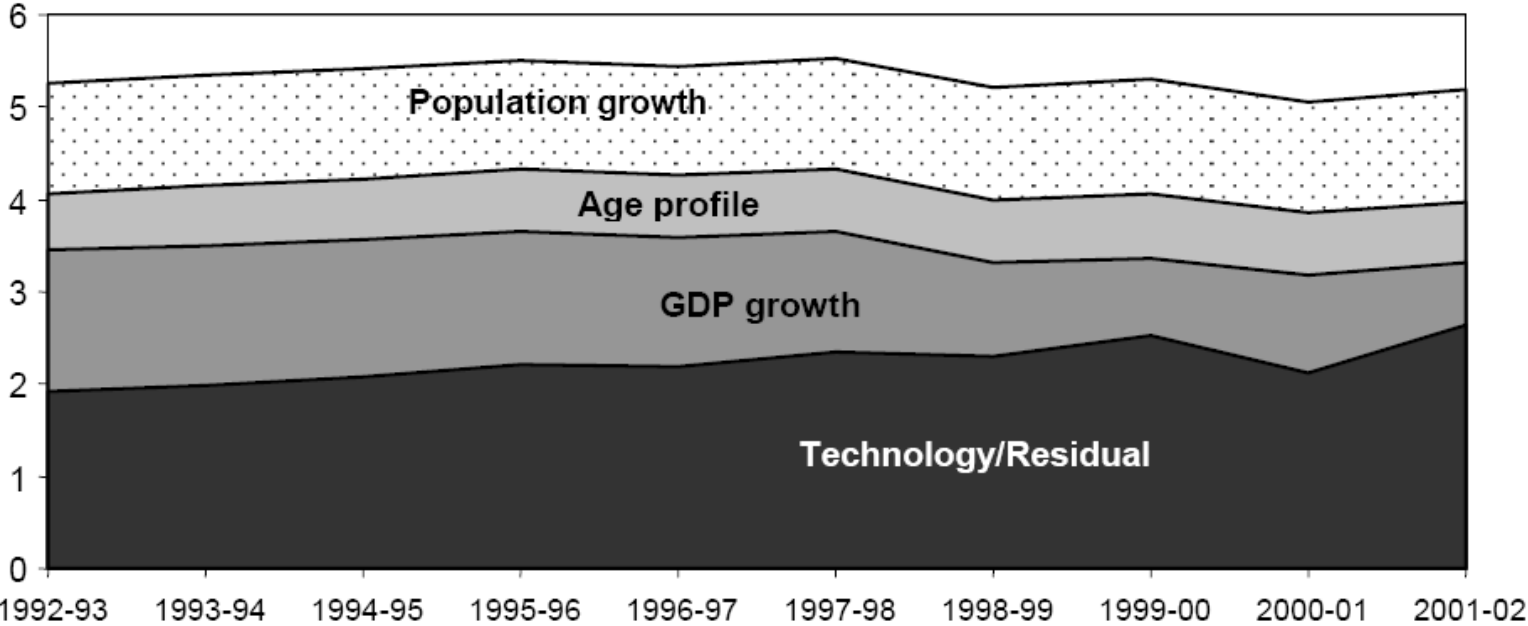
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- The increase in public and private costs
- The effects of new technology including medications – unit cost and volume and greater safety and applicability to older people and convenience
- The effect of an ageing population – the ageing-technology ‘cocktail.’



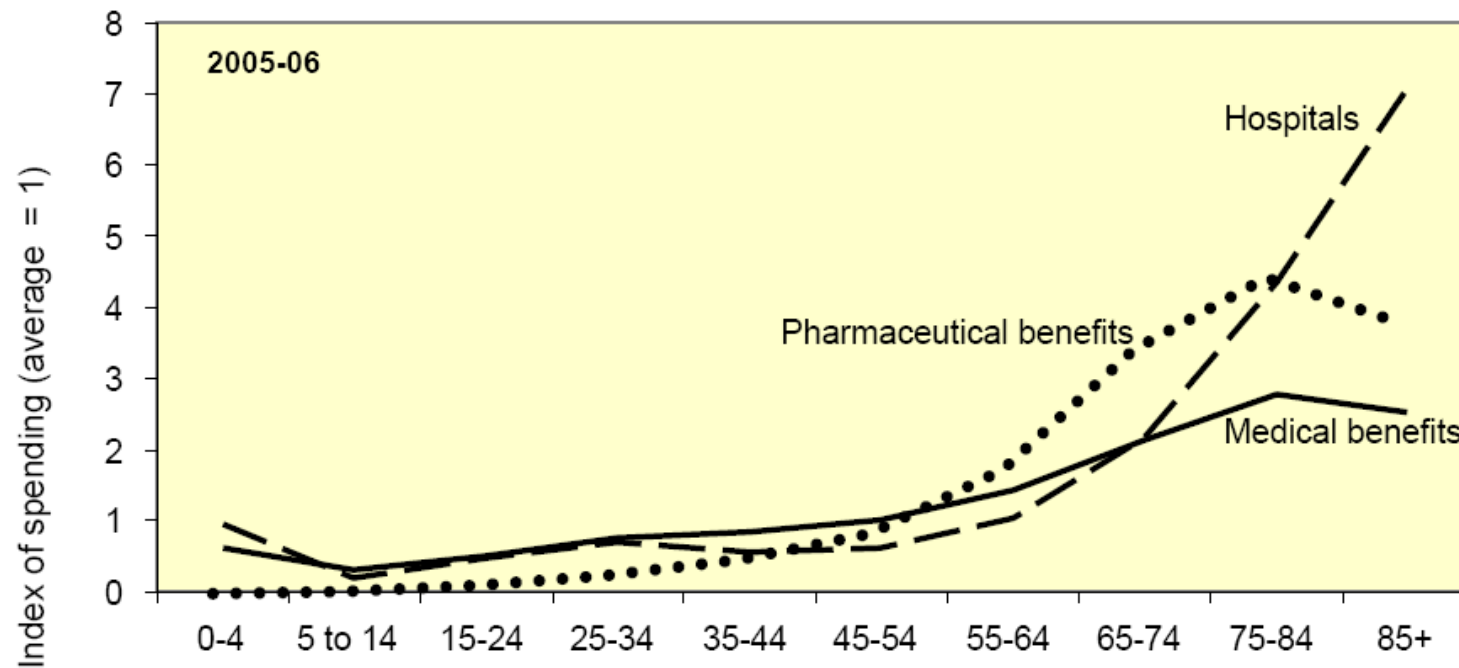


**Figure 2 Drivers of past health spending**  
Annual growth rate (per cent) in real expenditure



Menzies Oration – Canberra – Gary Banks 2008

Figure 5 Health costs rise steeply with age





# The current Reform Agenda

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- Commissions of Inquiry – National Health and Hospitals Reform Commission and Preventative Health Services Taskforce
- 2020 Summit
- State-based reform with emphasis on coordinated care
- (Is incrementalism our only choice?)

# National Health Reform



# Polio – a triumph of Prevention



# The current interest in Prevention

- ❑ The public are 'fed up' with obesity and diabetes
- ❑ Anthrax, terror and bird flu
- ❑ Reducing health costs.



# Prevention types

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- **Primary prevention:** all activities that reduce the instances of an illness in a population and thus reduce, as far as possible, the risk of new cases appearing.



- **Secondary prevention:** efforts to reduce the prevalence of an illness in a population and its duration.



- **Tertiary prevention:** seeks to reduce the incidence of chronic incapacity or recurrences in a population, and thus to reduce the functional consequences of an illness.

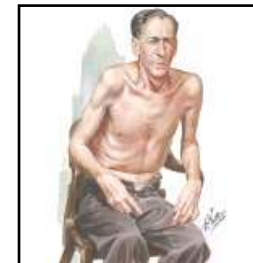
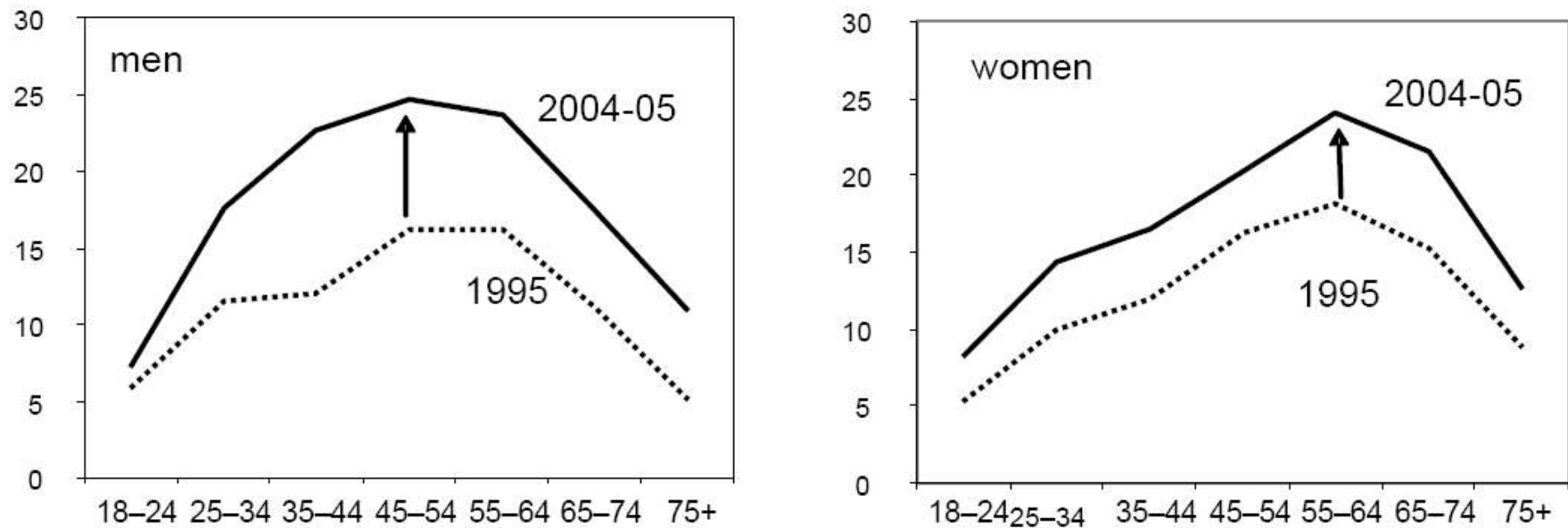


Figure 11 **Obesity is on the rise**  
Share of obese Australians (per cent)



Data source: ABS 2006, *National Health Survey: Summary of Results, 2004-05*, Cat. No. 4364.0.



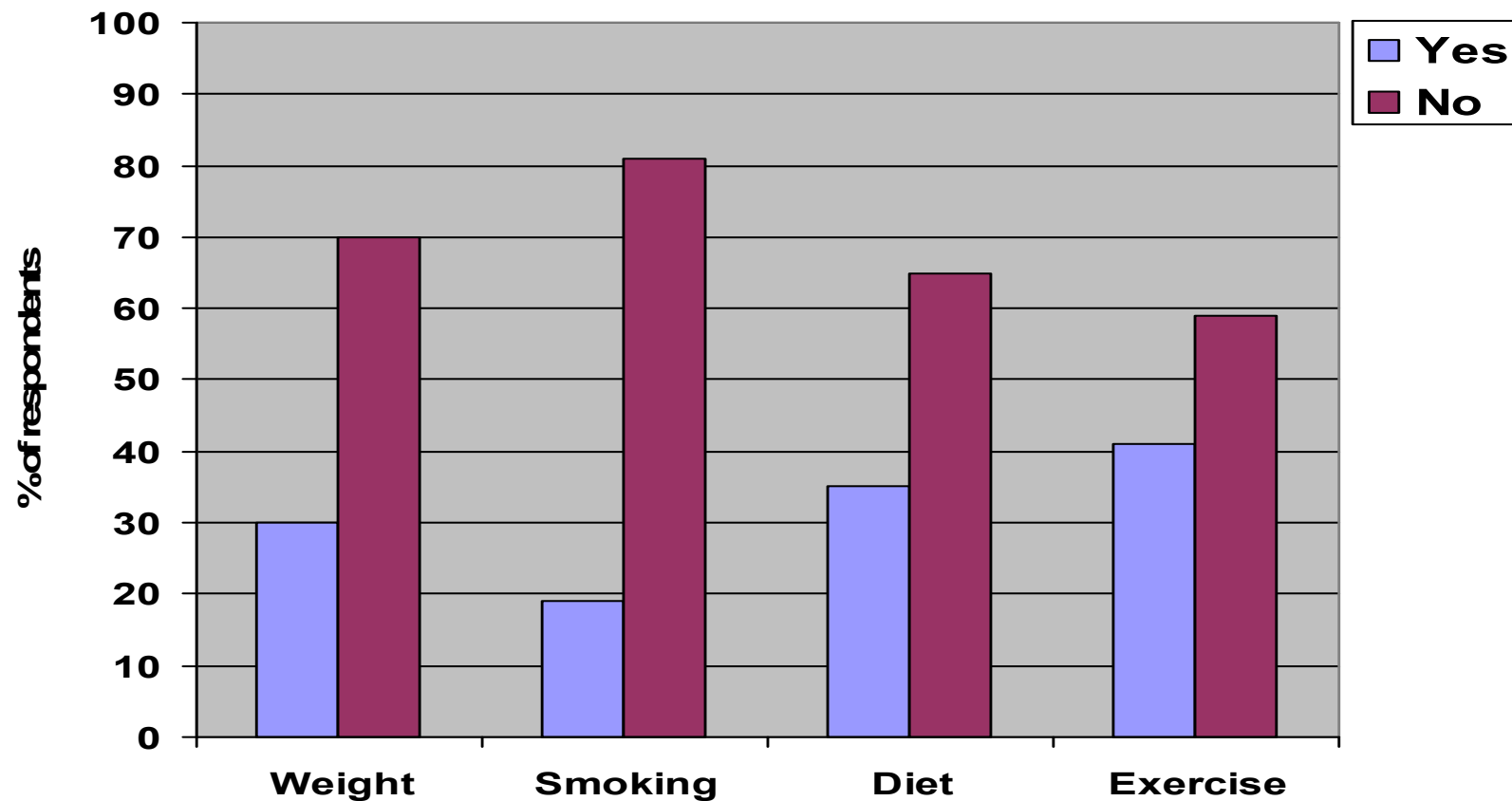


# The Things we need to do

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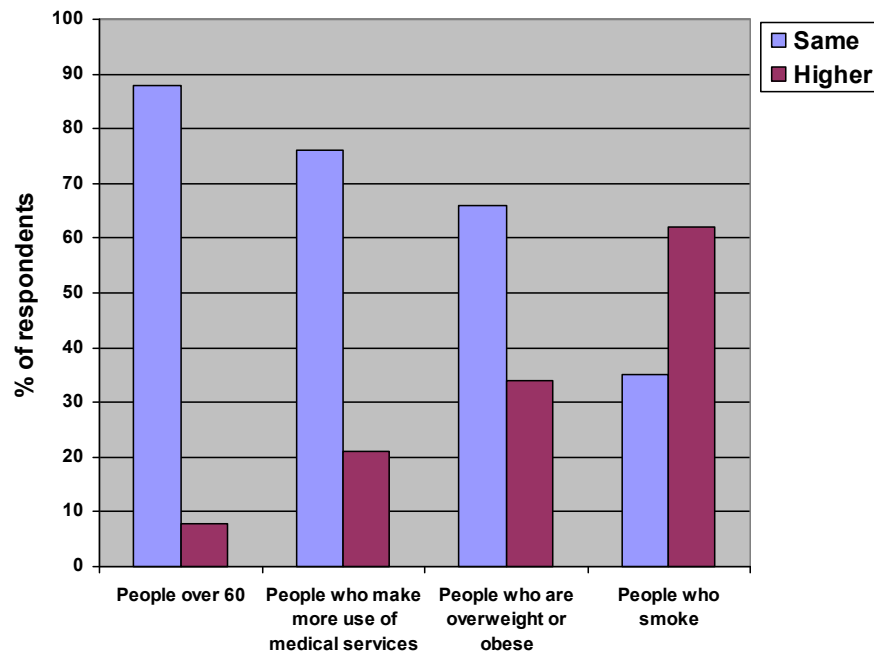
- Increase health literacy and individual and community responsiveness to health as an element of sustainability – the essence of PREVENTION
- Look for ways of supporting people to make healthy choices.

In the last year or so, has a doctor provided advice or counselling on any of the following issues?

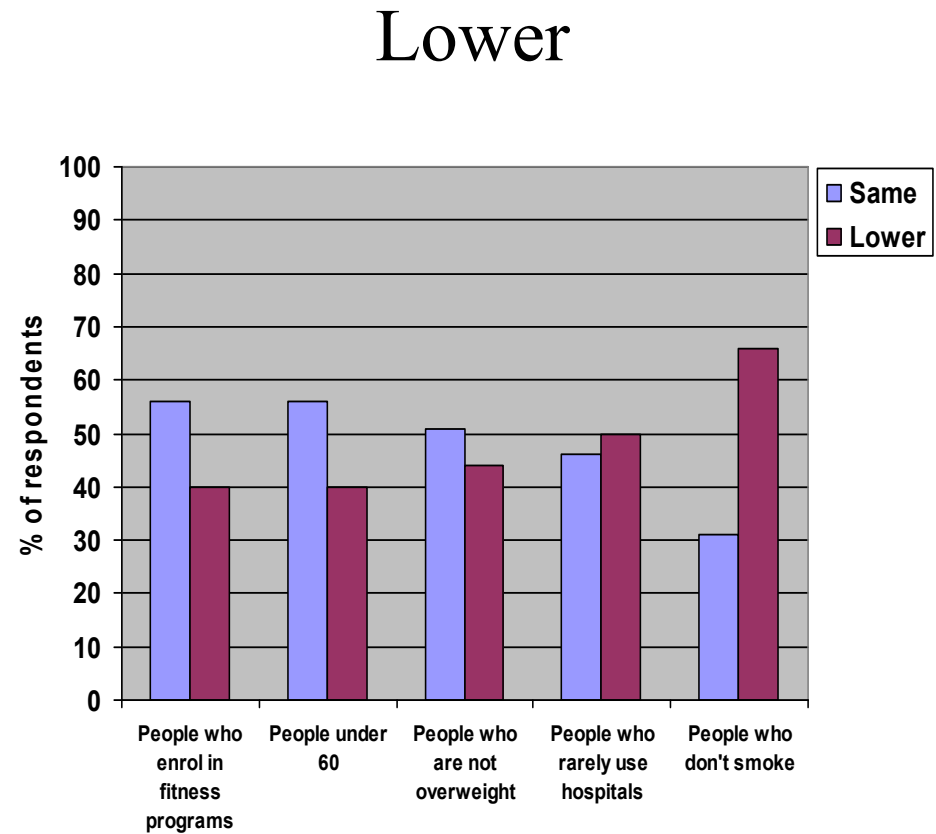


Menzies Nours National Survey – Gillespie, Goot, Nutbeam et al. 2008

Do you think that the cost of private health insurance should be the same for everyone who takes out a certain level of cover, or should it be *higher* (left panel)/*lower* (right panel) for...?



Higher



# What we can expect from Prevention

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- ❑ The principal forms of prevention are very different in concept, cost and dollar yield
- ❑ Prevention as a cost-saver must be seen in the context of a complex health system
- ❑ Prevention is principally about keeping people well or health-stable, and not *fundamentally* about saving costs (though it might).





# Conclusion

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- ❑ Sustainable system will require multiple reforms
- ❑ State-Commonwealth and public-private are critically important problems
- ❑ Health literacy is central to health sustainability
- ❑ Prevention is a way of thinking, and may help secure a sustainable future for Australia's health.