

Our Ref: 2005-0074

Committee Secretary
Standing Committee on Health and Ageing
House of Representatives
Parliament House
CANBERRA ACT 2600
AUSTRALIA

6 May 2005

RE: Inquiry into Health funding Terms of Reference

Thank you for the opportunity to provide input into the Terms of Reference for the Inquiry into Health Funding.

The Victorian Health Promotion Foundation or VicHealth is a statutory organisation established under the Tobacco Act 1987. VicHealth forms partnerships with different groups to make health a central component of our daily lives. Its activity is geared to promoting good health, safety and preventing ill health. Essentially, VicHealth works with others to build healthy foundations for the future.

We are extremely interested in the Committee's inquiry into how the Commonwealth government can take a leading role in improving the efficient and effective delivery of highest quality health care to all Australians. VicHealth welcomes the inquiry but feel a focus on the **promotion of good health and the prevention of the onset of a range of preventable illnesses and diseases** should be considered within the inquiry as an essential part of considering the roles and responsibilities of the different levels of government. It is our view that the current health care system limits its focus to treating illnesses and diseases and is not in tune with the additional benefits to both the health and wellbeing and to the bottom line of the economy that are achievable with a stronger health promotion focus.

For example:

- On average only 2.8% of total health expenditure is allocated to organized public and private prevention programs, yet **preventable behavioral factors constitute 40 to 50% of the causes of premature deaths.**¹

¹ Organisation for Economic Co-operation and Development, 2004 OECD Health data 2004 available @ www.oecd.org/health/data

- A range of health promotion programs have proven to be cost effective in improving health and decreasing subsequent costs. **Savings ranged from \$2 for every \$1 invested to \$9 for \$1 invested**².

Physical activity

- The US Centers for Disease Control has estimated that “a one dollar investment in measures to encourage moderate physical activity leads to a cost saving of \$3.2 in medical costs”³

Tobacco

- Achievements in tobacco control show that in 1998 an estimated **17,400 premature deaths were averted because of lowered tobacco consumption** and the total estimated **financial benefits in that year were \$12.3 billion**⁴
- Research indicates that if **smoking rates were cut by a further 5%, savings of 17%** would be made by the Pharmaceutical Benefits scheme over the next 40 years.⁵

Alcohol

- In 1997 there were **72,302 hospitalizations attributed to alcohol**⁶
- The **financial burden of alcohol misuse** to the community has been estimated to be **\$4.5 billion per annum**, including lower productivity due to lost work days, road accidents, and legal and court cases, as well as health care costs. It is estimated **that 84% of these costs (\$3.8 billion) are potentially preventable** and amenable to public policy initiatives⁷

² Fries, J., Koop, E., Sokolov, J., Beadle, C., & Wright, D. 1998, 'Beyond Health Promotion: Reducing Need and Demand for Medical Care', *Health Affairs* Vol 17, No 2, pp 70-84

³ World Health Organisation 2002, *Active Ageing: A Policy Framework*, Noncommunicable Disease prevention and Health Promotion WHO, Geneva

⁴ Applied Economics. 2003, Returns on Investment in Public Health: An Epidemiologic and Economic Analysis, Department of Health and Ageing, Canberra

⁵ Hurley, S., Scollo, M., Younie, S., English D., & Swanson M. 2004, 'The potential for Tobacco control to reduce PBS costs for smoking-related cardiovascular disease' *Medical Journal of Australia*, vol. 181, no. 5, pp. 252-255.

⁶ Commonwealth of Australia. 2001 *National Alcohol Strategy: A Plan for Action 2001 to 2003-04*, Ministerial Council on Drug Strategy, Canberra

⁷ Commonwealth of Australia. 2001 *National Alcohol Strategy: A Plan for Action 2001 to 2003-04*, Ministerial Council on Drug Strategy, Canberra

Reliance on medical technologies and medicines

VicHealth is also concerned with the current over reliance on prescription medicines and consumer health care products as a means of health care. Whilst VicHealth acknowledges the significant contribution medical technologies and medicines have made to our health, our ability to survive and recover from illnesses and injuries that would have once killed or seriously disabled us, there needs to be a balance. **We cannot continue to rely upon medical technologies and medicines to solve all health problems. Some health problems must be addressed by preventing their occurrence in the first place.**

Again we argue that it is better to invest in the prevention of lifestyle diseases than it is to invest in their treatment. **Current investment in medical technologies and medicines is unsustainable** and greater emphasis must be given to the health outcomes gained as a result of this spending. Increased expenditure on medical technologies and medicines needs to be weighed up against the costs of preventing the occurrence of the disease in the first place.

We appear too consumed with the supply side of the health care equation and not enough concerned with the demand side. The best way to reduce costs and improve health at the same time is not to control the services provided but **to reduce the need and demand for care**⁸. We need an approach based on health promotion alongside traditional approaches to diagnosis, treatment and prevention.

Failing to prevent or manage the growth of non communicable diseases appropriately will result in enormous human and social costs that will absorb a disproportionate amount of resources which could have been used to address the health problems of other age groups⁹. It has been argued that it is not the basic knowledge about what to do that is lacking but the penetration of these sorts of effective programs into a greater number of settings¹⁰.

Considering the role of the Private Health sector

VicHealth would also strongly recommend the committee give consideration to the role private health providers' play in the promotion of good health and the prevention of preventable illnesses and diseases. Their involvement at the community level appears poor compared to that in other countries. Take the Blue Cross and Blue

⁸ Fries, J., Koop, E., Sokolov, J., Beadle, C., & Wright, D. 1998, 'Beyond Health Promotion: Reducing Need and Demand for Medical Care', *Health Affairs* Vol 17, No 2, pp 70-84

⁹ World Health Organisation 2002, *Active Ageing: A Policy Framework*, Noncommunicable Disease prevention and Health Promotion WHO, Geneva

¹⁰ Fries, J., Koop, E., Sokolov, J., Beadle, C., & Wright, D. 1998, 'Beyond Health Promotion: Reducing Need and Demand for Medical Care', *Health Affairs* Vol 17, No 2, pp 70-84

Shield of North Carolina <http://www.bcbsnc.com/inside/community/> with whom we recently met; provided financial support, volunteer hours and community involvement through their Community Relations department as well as administer a \$US35 million pa Foundation dedicated to improving the health and well-being of North Carolinians. Where are our Australian equivalents?

Once again, thank you for the opportunity to comment on your terms of reference. VicHealth is extremely interested in the issue of health promotion as an integral part of any health care review and would be pleased to assist the Standing Committee of Health and Ageing in any way it can to help realize this ideal. If you would like to follow up on any of the information in our submission, we would be more than pleased to meet with your representatives, provide additional information or assist the Commonwealth look at this important issue in any way we can. We look forward to hearing the outcome of your review.

Yours sincerely,



Dr Rob Moodie
Chief Executive Officer
Victorian Health Promotion Foundation