

## 2015 health care outlook Australia

Estimated health care expenditure:  
\$172 billion in 2013

Health care as a share of GDP:  
11.4 percent in 2013<sup>1</sup>

Similar to other developed countries, health care spending in Australia continues to increase, driven by a growing and aging population, advances in medical technology and treatments, and consumers' increasing awareness of health-related issues. 2013 spending was an estimated 11.4 percent of GDP, or \$172 billion, with two-thirds of the total from public sources.<sup>2</sup> Health care spending is projected to increase in 2014-2018 to \$186.3 billion, but fall slightly to 11.1 percent of GDP.<sup>3</sup>

Australians have one of the highest life expectancies in the world — a boy born between 2010 and 2012 can expect to live to 79.9 years and a girl to 84.3 years.<sup>4</sup> In addition, Australia's population growth in recent decades has been stronger among older age groups compared with younger

groups: In 2013, people aged 65 and over comprised 14 percent of the population compared with nine percent in 1973, while people aged under 25 comprised one-third (32 percent) of the population compared with almost half (45 percent) 40 years earlier.<sup>5</sup> The country's aging population brings attendant health issues that drive up care demand and costs: Coronary heart disease (CHD) was the leading underlying cause of death for both males and females in Australia in 2011, accounting for 15 percent of all deaths. Three-quarters of these were deaths in people aged 75 and over; just five percent were deaths of people under the age of 55.<sup>6</sup> Cerebrovascular disease (e.g., stroke) is the second most common underlying cause of death in Australia, accounting for eight percent of all deaths in 2011. Stroke deaths increase greatly with age, with 82 percent of deaths occurring in people aged 75 or over in 2011. Dementia (including Alzheimer disease) and lung cancer were the third and fourth most common underlying causes of death.<sup>7</sup>

Australians are increasingly living with lifestyle-related chronic diseases, health conditions, health risks and disability, which, in terms of health burden, have largely replaced the infectious diseases of 50–100 years ago such as pneumonia and tuberculosis.<sup>8</sup> For example, about one million Australians had diabetes in 2011–12, and nearly two-thirds of people aged 18 or over are overweight or obese, compared with about 56 percent in 1995.<sup>9</sup>

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Preventing or delaying chronic disease is one of the most important priorities for the Australian health care system today.<sup>10</sup>

<sup>1</sup> *Industry Report, Healthcare: Brazil*, The Economist Intelligence Unit, September 2014

<sup>2</sup> *Industry Report, Healthcare: Australia*, The Economist Intelligence Unit, March 2014

<sup>3</sup> *Ibid*

<sup>4</sup> *Australia's health 2014*, Australian Institute of Health and Welfare, June 25, 2014, <http://www.aihw.gov.au/publication-detail?id=60129547205>. Accessed January 8, 2015

<sup>5</sup> *Ibid*

<sup>6</sup> *Ibid*

<sup>7</sup> *Ibid*

<sup>8</sup> *Ibid*

<sup>9</sup> *Ibid*

<sup>10</sup> *Australia's health 2014*, Australian Institute of Health and Welfare, June 25, 2014, <http://www.aihw.gov.au/publication-detail?id=60129547205>. Accessed January 8, 2015

Some population groups in Australia experience marked health inequalities compared with the general population. Indigenous Australians, for instance, are generally less healthy than other Australians and are more likely to die at younger ages. People living in rural and remote areas tend to have higher levels of disease risk factors and illness than those in major cities. People from the lowest socioeconomic status groups are likely to have poorer health; and people with disabilities experience significantly poorer health than those without disabilities.<sup>11</sup>

Australia's health system is complex, and could be described as a web of public and private providers, settings, participants, and supporting mechanisms. Health care providers include medical practitioners, nurses, allied and other health professionals, hospitals, clinics and government and non-government agencies. Public sector health services are provided by all levels of government: local, state, territory, and national. Private sector health service providers include private hospitals, medical practices, and pharmacies.<sup>12</sup>

Australia has a national health care-funding system, known as Medicare. Contributions are made through taxes and a levy based on taxable income. Medicare provides free hospital care (including medicines) at public hospitals (or 75% of the Medicare Schedule fee for services and procedures if you are a private patient in a public or private hospital) and subsidizes spending on non-hospital services, such as doctor consultations and drugs prescribed outside the hospital setting.<sup>13</sup> In addition to public funding, there are 36 private health care plans in Australia, of which the largest is Medibank Private, which has around 3.4 million members and accounts for about one-third of the private health-insurance market. Medibank became a for-profit company in 2009, and remained wholly owned by the federal government until 2014 when it was privatized. The IPO raised AUD \$5.679 billion in proceeds.<sup>14</sup>

Australia's health care providers deliver a myriad of services across many levels, from public health and preventive services in the community, to primary health care, emergency health services, hospital-based treatment, and rehabilitation and palliative care.<sup>15</sup> The country is experiencing ongoing health care workforce challenges. Its ratio of doctors to patients, at an estimated 2.8 per 1,000 in 2013, is fairly low for an industrialized country. To increase the number of trainee general practitioners (GPs), the government operates a General Practice Training program.<sup>16</sup> Still, the country will likely need to change care delivery models to increase efficiency, and develop effective recruitment, retention and upskilling strategies to ensure an adequate number of health care workers in the coming years.

Increasing use of health information technology (HIT) may also help to ease workforce issues, improve the patient experience, and reduce costs. Examples include digital wearables and other patient management tools, and data analytics to segment and/or target care, particularly at specific pressure points (e.g., end of life care, admissions). Other technologies such as telehealth are being leveraged to address access to care in remote areas.

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<sup>11</sup> Ibid

<sup>12</sup> Ibid

<sup>13</sup> Ibid

<sup>14</sup> Ibid

<sup>15</sup> Australia's health 2014, Australian Institute of Health and Welfare, June 25, 2014, <http://www.aihw.gov.au/publication-detail?id=60129547205>. Accessed January 8, 2015

<sup>16</sup> *Industry Report, Healthcare: Australia*, The Economist Intelligence Unit, March 2014



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