www.pwc.com.au The Value of Occupational Health 9 May 2017

Overview

- 1. A future health system the big trends
- 2. Implications for the health system Commonwealth and Jurisdictions
- 3. Assessing value a "treasury" focussed approach
- 4. Assessing value a case study: Obesity in Australia

The current health system - Setting the scene

Significant challenges



- Spend 9.8% of GDP on health, costs increasing at twice the rate of GDP
- 35% Australians have chronic disease, worse with aging; 1M with diabetes
- Long term
 unemployment and
 underemployment

New pathways to deliver sustainable, universal access



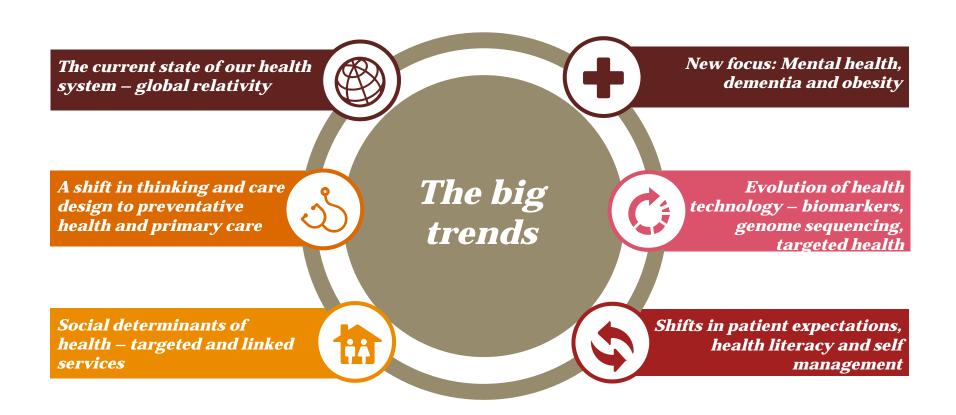
- The health of a population is key to economic productivity and well-being
- Uneven health
 outcomes across
 Australia (indigenous
 communities, lower socio
 -economic demographics)
- Economic impact 4-6% lost GDP in 2030 from NCDs

Focus on a whole of government approach



- Significant benefits from digital, e.g. medications management
- 20-50% benefit from targeted interventions in chronic disease and through integrated care programs

A future health system



Reimagining Healthcare: a system-wide approach

Prevention

Trootmon



Consumer empowerment

Encourage Australians to take greater responsibility for their own health by improving health literacy and transparency to help people make smarter lifestyle (e.g. nutrition, fitness) and care choices.



Wellness and prevention

Place much more emphasis on prevention to slow the growth in demand, with prescriptive analytics to prioritize "whole of person" interventions, align clinical services planning and promote wellness along the spectrum



Optimised care pathways

Design and implement optimised pathways to help ensure 'the right care, at the right place, at the right time' – building on and extending the concept of integrated care, with empowered multi-disciplinary teams.



Integrated outcome-based funding

Move to a single or pooled sources of government funding to eliminate bureaucratic cost shifting and duplication, combining this with greater private sector contributions.



Digital and analytics

Adopt information-enabled health networks with integrating technologies to provide patient-centric care and better health outcomes; embrace non face-to-face channels; leverage data; protect from cyber-security risks.

Implications for the Health Sector

Commonwealth

Utilisation of eHealth

my health record, telemedicine, and other digital-enabled initiatives that enable safety and quality, improved access, and efficiencies in the health system

Maximising the health workforce

operating at the top of practice, with a focus on the use of services in primary care

Funding for new health technologies

balancing cost effectiveness with lifestyle and economic outcomes

Preventative health

considering the move to more balanced longer term early intervention compared to treatment services

Implications for the Health SectorStates and Territories

Not just about efficiency, but effective use of resources Better value care

Integrated care

Focus on:

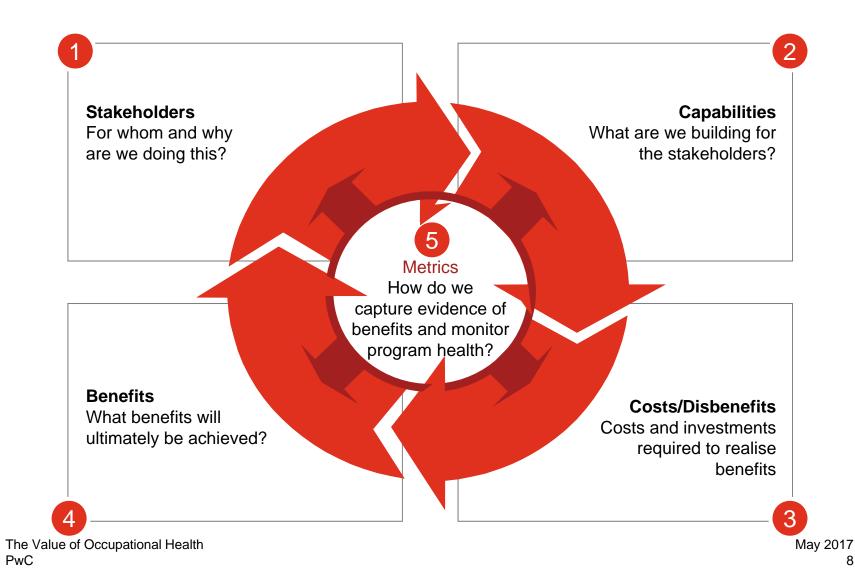
- targeted services
- •risk stratification
- effective interventions across primary, community and acute care

Draw on existing and innovative primary and community care services Hospital substitution and hospital avoidance

Devolution of funding and pooled funding

Considering a "whole of care economy" approach

Assessing Value: a benefits realisation approach



Assessing Value: benefit themes

Quality of care Improved assessment 1) Quality Improved treatment Increased consumer participation Improved preventative care Safety of care and services 2) Safety Reduced errors Promotion of the health of the population Access to health services and care appropriate to patient needs 3) Access Improved access to providers according to clinical and personal need Increased choice Increased responsiveness Efficiency of care and services 4) Efficiency Higher clinical efficiency Improved use of funds Improved use of infrastructure Healthier and more robust population 5 Population Support of government initiatives Increased innovation Enhanced workforce

Benefits categories

More resilient economy

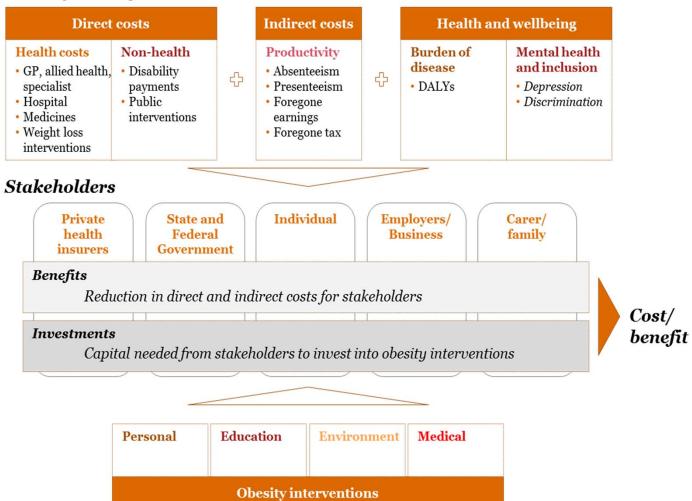
- Are defined to be measurable
- Will be tested and iterated with experts

Assessing Value: principles for policy makers

- Transparency
- Replicability
- Attribution
- Conservative assumptions
- International comparison, evidence, and literature
- Financial and non-financial estimates
- Wellbeing estimates and how to use them
- Key messages how to get to the right table

A case study – Economic impacts of Obesity

Costs of obesity



Costs: additional cost from obesity in 2011-2012

Direct costs

\$3.8 billion

- GP services
- Allied health services
- Specialist services
- Hospital care
- Pharmaceuticals
- Weight loss interventions
- Public interventions

Indirect costs

\$4.8 billion

- Absenteeism
- Presenteeism
- Government subsidies
- Foregone tax



\$8.6 billion

in additional costs in 2011-12

\$87.7 billion

Accumulated by 2025

Benefits: a bundle of potential interventions

Education **Personal Environment** Medical ■ Reformulation Weight loss management ■ Parental education Bariatric surgery programs Pharmaceuticals School curriculum Labelling ■ GP intervention ■ Tax on unhealthy foods Intervention Intervention & Intervention & Intervention Prevention Prevention

\$2.1 billion in benefit by 2025

\$1.3 billion in investment by 2025

Less than 20% of the way to the WHO target obesity prevalence

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