

Is Tasmania's health system fiscally sustainable?

Yes, but not as it is

- States can't afford it
- Individuals can't afford it
- Tasmania isn't spending the money it has
- Commonwealth can pay but won't
- Without federal-state reform, we're facing disaster

We can't do it alone

*Percentage of state & territory tax revenue
(including GST) spent on health*

2002-03: **17.7%**

2012-13: **24.5%**

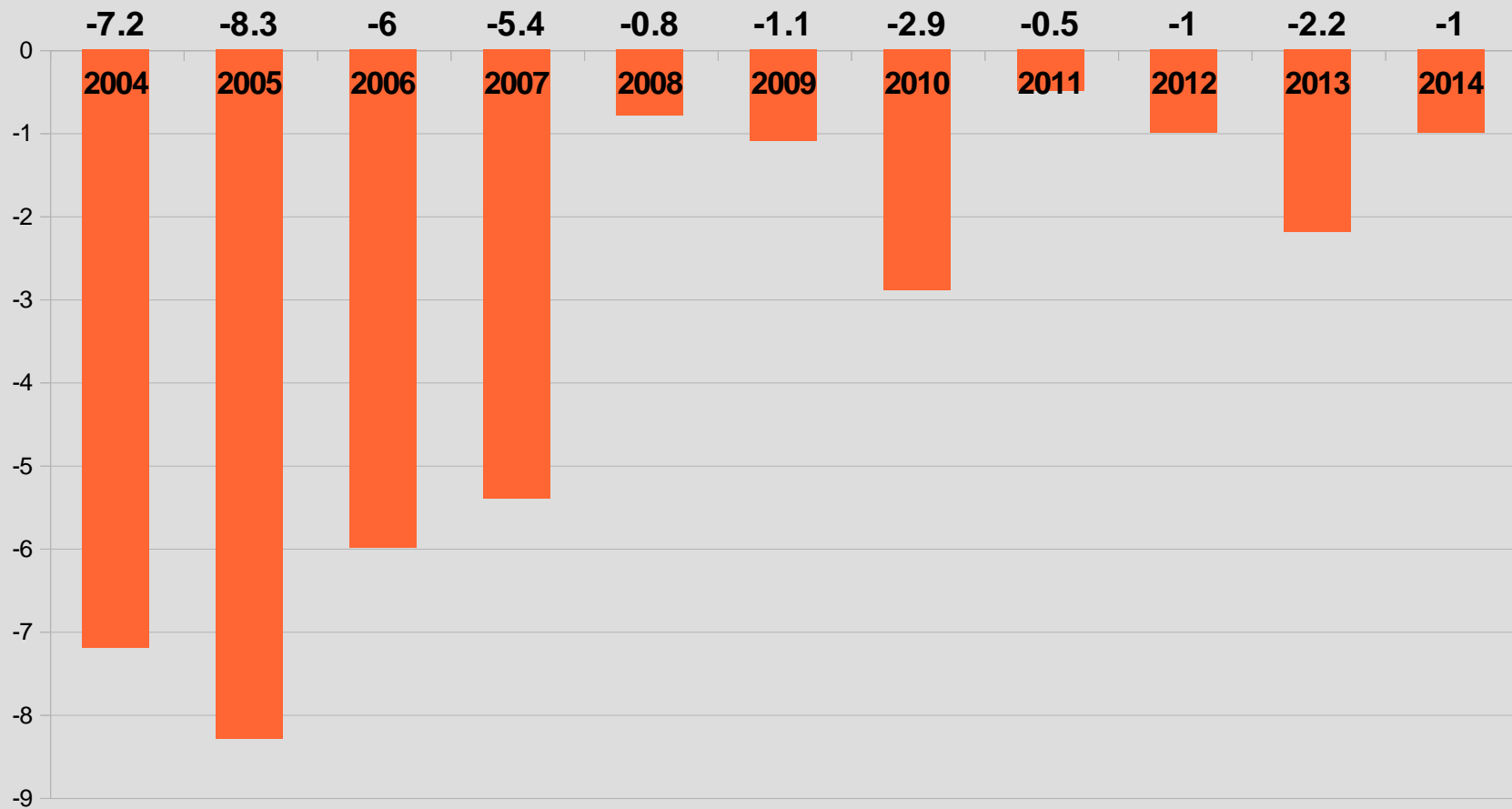
By 2022-23: **36%**

By 2032-33: **53%**

Tasmania could do better

(% deviation in health spending from national average)

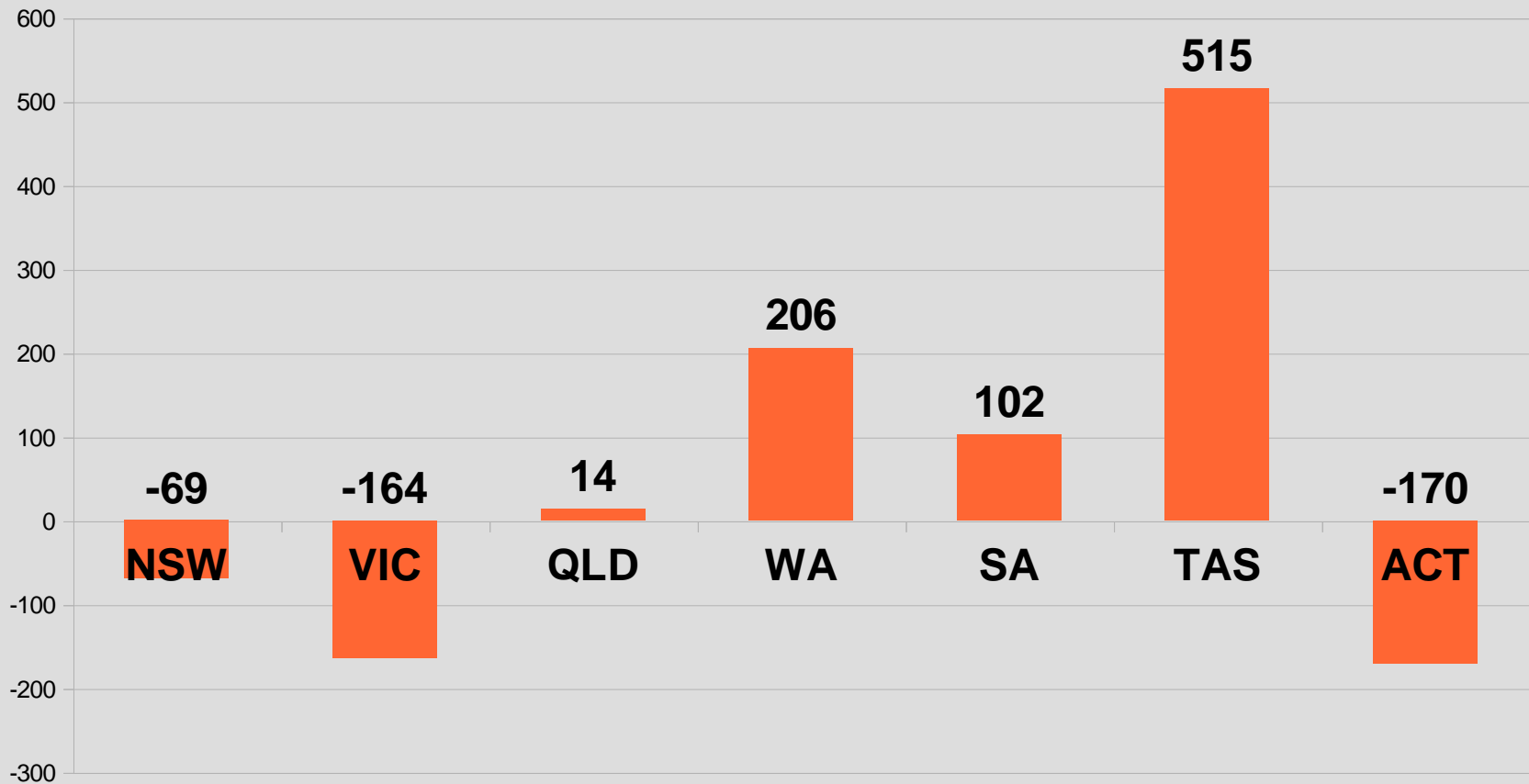
Source: AIHW



GST allocations for health

(\$ per capita 2015-16)

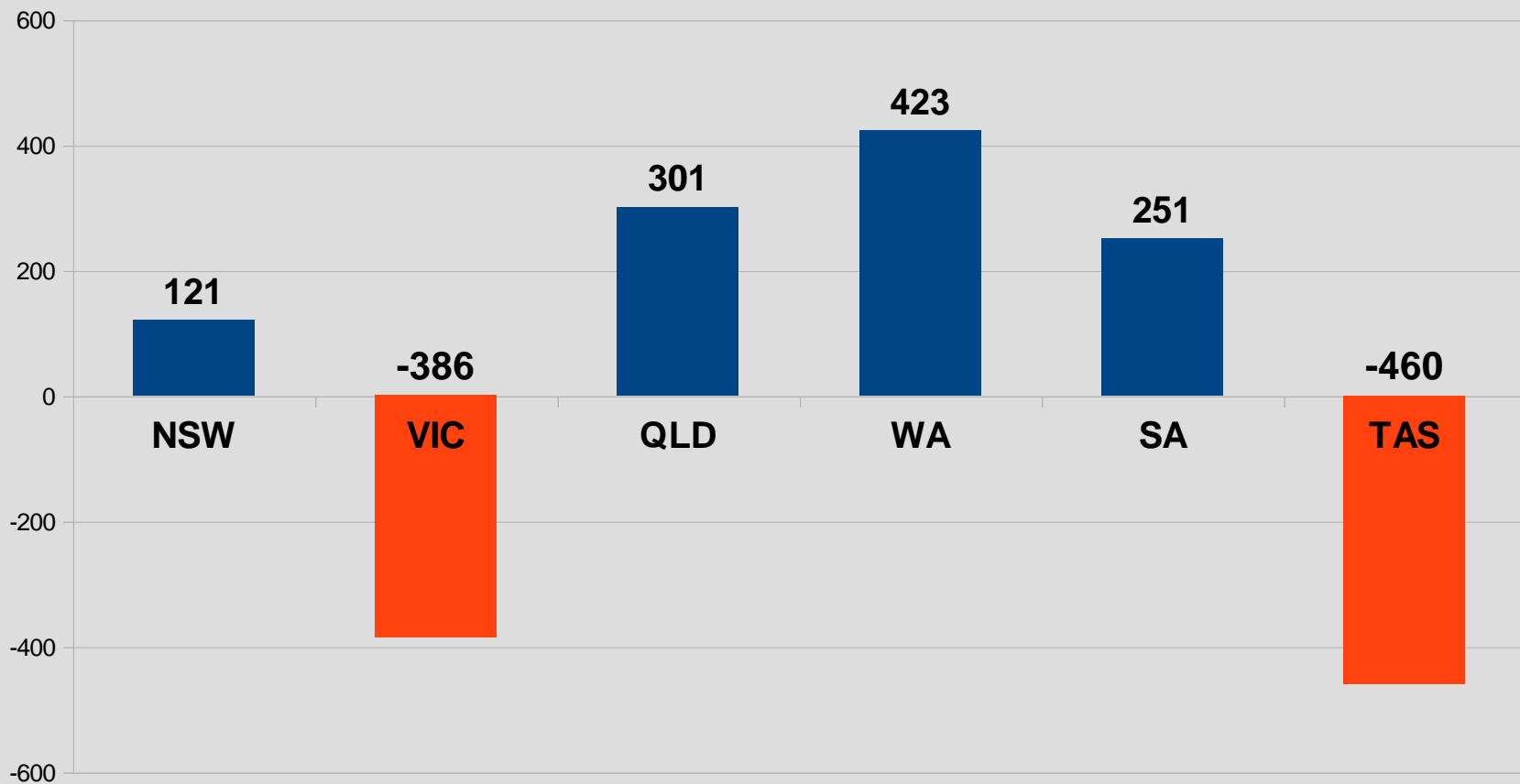
Source: Commonwealth Grants Commission



State govt health spending

\$ per capita variation from average, 2015-16

Source: AIHW



The workload squeeze

Sources: AIHW, DHHS

FTE staff numbers

2009-10

Salaries doctors: **922**

Nurses: **2,708**

2013-14

Salaries doctors: **848**

Nurses: **2,807**

Doctors: **down 74 (-8%)**

Nurses: **up 99 (+3.7%)**

Weighted separations

2009-10

103,179

2013-14

119,803

Admitted care:

up 16,624 (+16%)

Governments cut, patients pay

Growth in total health spending

2012-13 to 2013-14

Commonwealth: **2.4%**

States & territories: **2%**

Non-government: **5%**

Source: AIHW

Who pays what?

*As a proportion of total health spending
(2013-14)*

Commonwealth pays **41.2%**

States pay **26.6%**

Private insurers pay **8.3%**

Individuals pay **17.8%**

Injury compensation **6.1%**

Shares of national spending

Source: AIHW

	Aust govt	States	PHI	Individual	Other
2003-04	43.7%	23.6%	8.1%	17.4%	7.4%
2004-05	43.9%	24.0%	7.7%	17.4%	7.1%
2005-06	42.8%	25.3%	7.6%	17.3%	6.9%
2006-07	42.1%	25.8%	7.6%	17.4%	7.2%
2007-08	43.3%	25.5%	7.6%	16.7%	6.9%
2008-09	43.8%	24.9%	7.7%	16.9%	6.6%
2009-10	43.6%	26.2%	7.5%	17.1%	5.6%
2010-11	43.1%	26.2%	7.5%	17.6%	5.6%
2011-12	43.0%	26.9%	7.4%	17.0%	5.7%
2012-13	41.5%	26.8%	8.1%	17.9%	5.8%
2013-14	41.2%	26.9%	8.3%	17.6%	6.1%

Individuals' health bills

(Current prices)

2003-04:	\$12.769	billion
2004-05:	\$14.064	billion
2005-06:	\$15.038	billion
2006-07:	\$16.478	billion
2007-08:	\$17.334	billion
2008-09:	\$19.334	billion
2009-10:	\$20.766	billion
2010-11:	\$23.199	billion
2011-12:	\$24.121	billion
2012-13:	\$26.272	billion
2013-14:	\$27.506	billion

Source: AIHW

Price signals don't work

PBS co-payment: **\$34.70** (non-concessional)
\$6.10 (concessional)

GP patient charge: **\$30+** (plus Medicare rebate)
(Often bulk-bill concessional – but unpredictably)

Safety net system is unwieldy, hard to use,
expensive to run, economically inefficient.

Price signals don't work

Percentage of Tasmanian adults who did not see or delayed seeing a GP because of cost

2011-12: **10%**

2012-13: **7%**

Price signals don't work

Percentage of Tasmanian adults who did not see or delayed seeing a specialist because of cost

2011-12: **8%**

2012-13: **6%**

Price signals don't work

Percentage of Tasmanian adults who did not fill a prescription because of cost

2011-12: **10%**

2012-13: **9%**

Price signals don't work

US Medicare GP co-payment up \$7
in some states, not others

BUT

Each **\$1** saved to US Medicare produced an
increase of **\$3.35** in hospital inpatient costs

Source: Trivedi et al: Increased ambulatory care copayments and hospitalisations among the elderly, *New England Journal of Medicine*, 28 Jan 2010

Price signals don't work

Other studies

Oregon Medicaid copayments study (2007)

- \$1 saved on copayments meant
- \$1 extra spent in hospital care
- Some missed out on treatment

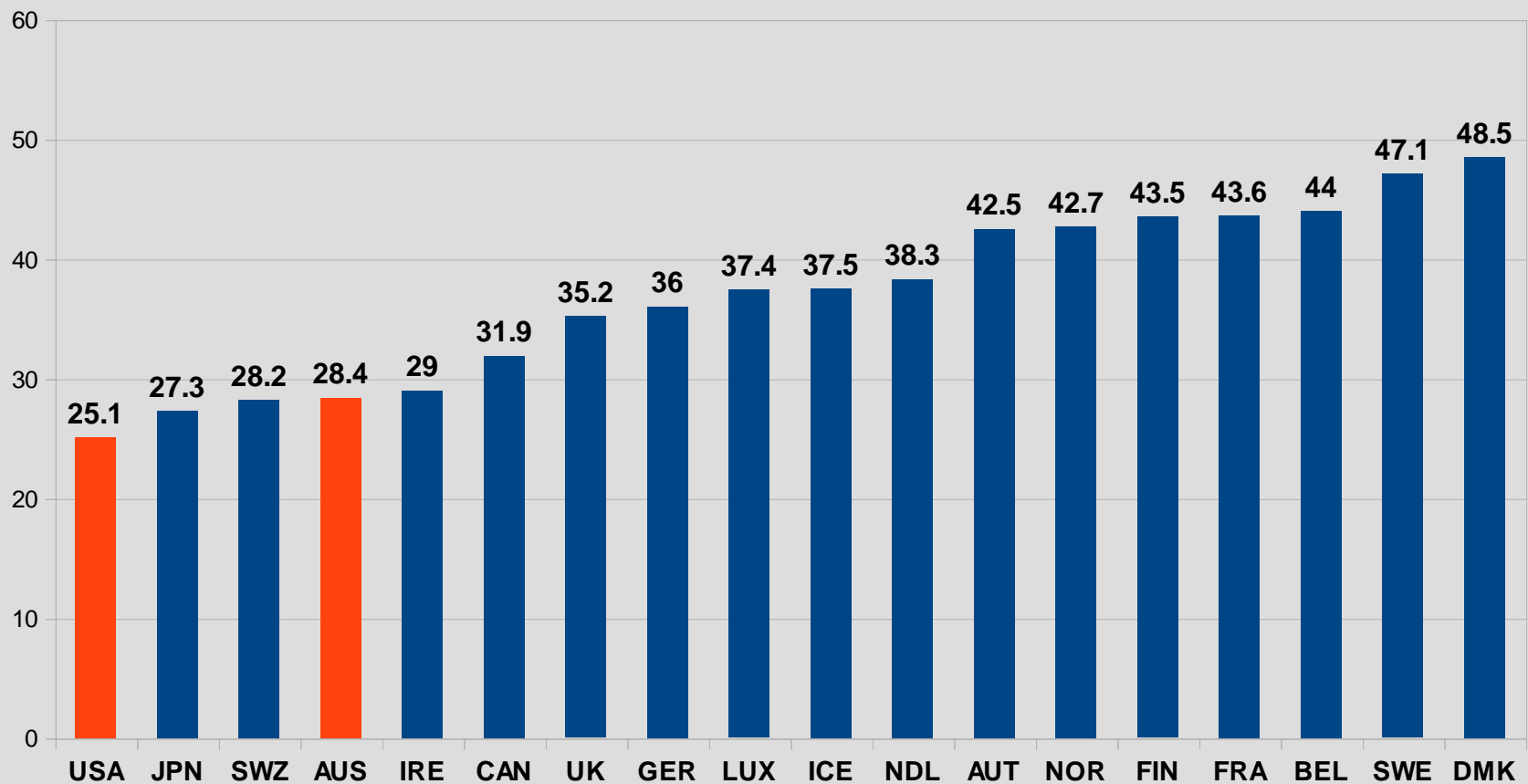
RAND experiment (US, 1974-1982)

- Reduced necessary as well as unnecessary care
- Greater risk of dying if copayments applied

Tax as % of GDP

(average 2002-11, countries >\$US35,000 per cap GDP)

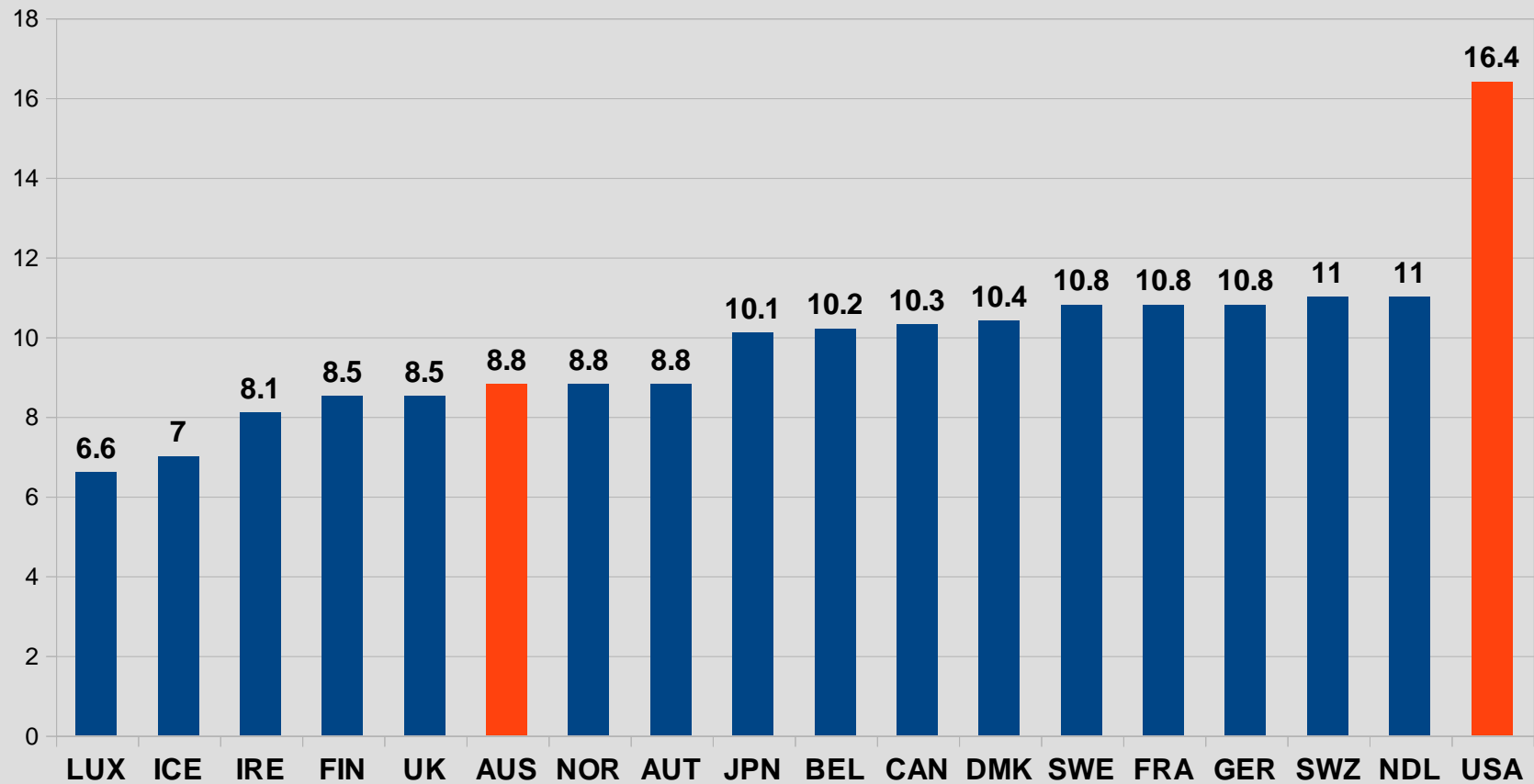
Source: OECD



Health costs as % of GDP

2012

Source: OECD



Govt health as % of GDP

2012

Source: OECD

