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Investing in what matters: AMA president's address to the National Press Club

AMA President Professor Steve Robson has addressed the National Press Club today. Here is his speech.

CHECK AGAINST DELIVERY.

"Thank you for joining me today.

I would like to begin by acknowledging the traditional owners of the land on which we're meeting today, the Ngunnawal and Ngambri people, and pay my respects to their elders past, present and emerging, as well as to any Aboriginal or Torres Strait Islander people present in the room today.

When people are asked what it is that's most important to them, we hear two responses — their family, and their health. Surveys across the globe confirm this. Good health is the foundation that allows us to pursue all our life goals.

When Ipsos surveyed Australians and asked, "what makes somewhere a good place to live" — the two top responses were 'feeling safe' and 'access to good quality health services.'

The impact that health has on people's lives is intrinsic to what I'm talking about here today — that investing in health is not only good economic policy — but that such investments can also make a huge difference to the wellbeing of Australians.

We're now in the fourth year of a global pandemic. COVID-19 is the third most common reason that Australians die and 20 000 more Australians died in 2022 than would have without the pandemic.

The pandemic has shown us just how important health is to our economy — both here and overseas.

It has had an extraordinary impact on our communities and healthcare system, especially the health workforce. And the pandemic has also demonstrated something remarkable — that with the collective will of governments, the community and the healthcare profession - quick and innovative solutions, backed by investment, are possible.

Two years ago, previous AMA President, Dr Omar Khorshid stood here, and reminded us that health was the best investment governments could make.

He proposed a goal for Australia — to become the healthiest country in the world. Well, now is as good a time as any to take stock of where we are in relation to that goal.

Where we stand as a healthy country depends on what data you use and it's important to understand that health is not just the absence of disease.

If we use the Bloomberg Global Health Index as our metric, then we're number seven, behind Sweden but ahead of Canada and the UK.

But if we look at Australia's health from a different perspective — that of unmet need and inequality of access as the OECD has done - then we're behind the UK and comparable European countries.

While our health SYSTEM is considered to be one of the best in the world, around half of all Australians now have at least one chronic disease and our population is rapidly aging.

Are we at risk of an already strained system, cracking under further pressure?

When Dr Khorshid released the *AMA's Vision for Australia's Health* here two years ago, he committed the AMA to applying an economic lens to the policies we propose.

Well, I have a personal interest in the economics of health. As President of the College of Obstetricians and Gynaecologists a few years ago, the two key issues I had to deal with were out-of-pocket costs for maternity care and the harms caused by transvaginal mesh.

I had meeting after meeting with bureaucrats and health economists, and I had to respond to commentary by health economists in the medical and lay press.

What became clear to me was that very few economists could understand what it's like to spend the night in a birth suite, trying to comfort a woman and her partner while at the same time trying to keep mother and baby safe — all the time knowing that you'd be performing difficult surgery the next day.

I think the economists I met regarded doctors as wasteful. And while not wanting to offend those economists, I thought they had no clue what it actually felt like to provide health care to vulnerable people.

So I wanted to bridge that gap and become fluent in the language of economics so I could cross the divide between economic theoretician and working clinician. I'm getting there – …slowly.

So, with my nascent health economist hat on, I ask the question - is there any robust economic evidence that health investment leads to good economic outcomes?

In 2005 The Centre for European Policy Studies reviewed all the available evidence and concluded the answer was a resounding yes. That resounding yes, the centre said, had a critical implication for policymakers - it provided a justification for investing in health to achieve economic outcomes.

The value of investing in health was also clearly demonstrated during the pandemic, where strong public health measures and labour market policies kept Australians engaged in the workforce. This is one of the reasons why Australia's economy has fared so much better than others.

In general terms when we look at the outcomes of poor investment in health (including bad policy) we also see a difference. While the UK is ahead of us now on its health spend; chronic underfunding of the British NHS has led to near collapse of their health system and an exodus of health care workers to countries like Australia.

The US, which has a poorly designed health system, and where health expenditure eats up one dollar in every five in the world's largest economy, their system delivers some of the worst health outcomes in any high-income country.

Balance is everything. Good policy is everything.

But while we rate reasonably well on health investment; scratch the surface of our health system — across public health, primary care, public hospitals and private health — and the story is not what we would hope, or expect. It is definitely not what we should accept.

For example, there's no way to dress up what's happening in public health.

As I noted earlier, half of all Australians live with at least one chronic health condition. One in five of us have two or more.

We have one of the highest prevalences of obesity in the OECD. Nine out of 10 preventable deaths are associated with chronic disease.

Since the closure of The Australian National Preventive Health Agency in 2014 we have not had a comprehensive, funded prevention agenda. There is no compass.

There are pockets of positive activity, but there doesn't seem to an overarching coordinated plan.

The need for a comprehensive public health agenda is languishing in what appears to be a very big too hard basket and the short-term electoral cycle means we are unable to contemplate investment in something that requires decades of commitment.

I think it's fair to say most Australians and certainly those in this room are aware of what's happening in Primary Care — the lynchpin of the Australian health system with general practitioners at its very centre.

The Medicare system was established by the Hawke Government in 1984 – almost 40 years ago.

At the time the rebates it offered Australians reflected the cost of providing services reasonably well.
Well, times have changed.

The rate at which those rebates increased NEVER kept up with inflation — with increases in the consumer price index reaching up to 6 per cent in the early 2000s. The pathology sector has not seen rebates increase since 1999.

The costs of running a practice have increased along with inflation while the annual increase in Medicare rebates typically was only around 2 per cent, then was frozen for the better part of a decade.

This has left patients — and the practices that bulk-billed — with ever-increasing costs but a dwindling Medicare rebate, still pegged to numbers from the Hawke era. Over the same period more Australians have been battling with more and more chronic health conditions.

When the AMA analysed a single Medicare item — for the most common GP consultation — we found Australians had been underfunded about $8.6 billion since over the last three decades.

$8.6 billion from just one item. There are more than 5,700 items on the MBS.

The latest Productivity Commission report showed we spent less — less — on GPs per capita in the last financial year than we did the year before.

How is that possible?

Our report into general practice measured the increased demand on general practice due to population growth, ageing, increased visits and complexity. We concluded that, within a decade, Australia will be short more than 10,000 full time GPs.

The Australian General Practice Training Program hasn't been able to fill its training places for years after the Abbott government cut key programs that encouraged doctors to be GPs.

So Australians now are experiencing the consequences of decades of neglect of general practice by successive governments.

Let's turn to our public hospitals.

While our primary care system continues to struggle, the issues in our public hospitals have been laid bare by story after story of people unable to get from an ambulance to a bed, unable to get an operation, unable even to get to see a specialist to get on a waiting list.

Public hospitals are pivotal to our health system. Last year alone, there were almost 7 million hospitalisations and 22 million days of patient care in Australian public hospitals.

Yet despite this incredible demand, over the last decade the connection between funding, and performance and improvement outcomes has been removed.

Every year since that connection was lost, the AMA's annual Public Hospital Report Card has shown longer and longer wait times in our emergency departments and operating theatres.

Pressures on our public hospitals mean Australians are dying in ramped ambulances or waiting for ambulances to arrive.

We have highly-trained health care workers who are desperate to provide care, but they don't have the resources they need to do it.

As we age and develop more and more chronic disease, the number of beds in our hospitals are falling — especially for older Australians.

Statistics released only a fortnight ago show we actually treated fewer patients in hospital than the year before.

Australians waiting for care in hospitals aren't statistics. They are people in pain — people who can't see, hear, or walk — people who can't work, or care for others.

The private health system is one of the important pillars of our health system. Most planned operations in our country are performed in Australia's private hospitals, with people supported by private health insurance.

A couple of years ago we were fearful the uptake of private health insurance was in a death spiral but as our public hospitals continued to struggle with an unprecedented backlog, many Australians have begun to take out private health insurance again as they face years waiting for planned surgery.

But I believe this apparent surge in private health insurance uptake will prove to be a mirage. I think that many, many people will fulfil their waiting times, have their procedures, then abandon their private health insurance.

Meanwhile, young Australians take up private health insurance for two main reasons — mental health and maternity care. But as private psychiatric and maternity hospitals close around the country, health insurance for many young people will look like fool's gold.

And as cost-of-living pressures bite harder, you can be sure that the struggle to get people into private health insurance will return.

There are other dark clouds on the horizon. An ageing population, fewer babies born, the health effects of climate change and uncertainty as to where new technologies such as artificial intelligence will take us.

Well it's time to change the narrative around investing in health and not only make an economic case but a "wellbeing" case for that investment.

Today I'm releasing our research report "Health is the best investment: shifting from a sickcare system to a healthcare system".

Health should not be seen just as a "spending portfolio". It should be seen as a productivity portfolio.
We should be spending to save. And the evidence abounds for the benefits. Let me give you some examples.

The measles immunisation program — one single measure — is estimated to have saved $13.7 billion.

Plain packaging on tobacco products is likely to have led to productivity gains of almost $400 per year for every person that did not take up smoking, and $100 per year for every person who quit.

It's been estimated that investments we have made in health have led to life expectancy increasing by more than 34 years – so those investments have delivered real economic outcomes.

We estimate that to date, keeping Australians 55 years and older healthy and in the workforce has resulted in a 2.5 per cent increase in GDP — that is over $57 billion.

At a time of workforce shortages, it makes good sense to have every Australian engaged in the economy to their peak.

But past successes won't tackle future problems.

They won't help hundreds of thousands of people waiting for care, or tackle the increasing burden of chronic disease.

And as our report shows — the number of years people who live in ill health is increasing — now almost ten years for males and over 11 for females.

As a society the time has come for us to alter course, to innovate and create a health system that focusses not just on keeping people living longer, but one that helps us lead healthier, and more productive lives.

This is not just about increasing expenditure. It's about improving efficiency. It's not only improving access to care, but also the quality of that care.

If we can do this, then we can return a dividend not just to the quality of Australian lives, but the quality and strength of our society.

I want to give you some examples of how a will to act can make a big difference.

Let's start with public health, and specifically vaping. E-cigarettes have flooded our schools and are hooking the next generation breathing in a toxic cocktail of chemicals. Many e-cigarettes are clearly marketed to, designed for and targeted at our children. Vaping has led to an increase in smoking in the under 25-year-old group.

I'm incredibly pleased that the health minister has listened to the AMA, and to the wider sector, by putting in place tighter controls on vapes.

We must prevail if we don't want to face a costly public health crisis.

The AMA also supports the WHO's recommendation and has campaigned on the economic case for a tax on sugary drinks.

In our 'Sickly Sweet' campaign we worked with our alliance partners to press the case for action.

A sugar tax is a win — win — win scenario. Smart policy that raises revenue; saves lives and healthcare dollars.

In fact, AMA modelling estimates a tax on sugary drinks would result in 16,000 fewer cases of type 2 diabetes, 4,400 fewer cases of heart disease, and 1,100 fewer cases of stroke. It could also generate around $800 million in revenue.

This idea is ripe for a government to adopt, should they have the political will. The AMA will keep advocating for this.

In the public health arena, there are important lessons we can learn from our Aboriginal and Torres Strait Islander communities.

Health in our Aboriginal and Torres Strait Islander communities encompasses the whole person — the physical and the mental; the internal body as much as the external environment; the individual and family; the community and wider society.

Belonging, recognition, having a voice, and being heard. All of these things shape our health outcomes. It's why the AMA is supporting the Voice to Parliament.

We need to continue to listen, and learn, and continue to support Aboriginal and Torres Strait Islander peoples in efforts to close the gap in health outcomes.

I'd like to further explore the economic and wellbeing arguments for investing in our health system.

Let's begin with Primary Care.
When the OECD studied the economics of primary care, they concluded that highly-functioning primary care makes health systems more efficient, reduces rates of avoidable hospital admission, and saves people from needing emergency department care.

The OECD provided an important warning too. That the biggest shortcoming in primary care was with any reduction in the general practitioner workforce.

The OECD also highlighted the value of telemedicine in productivity gains, and the value of teams, where doctors work with nurses and pharmacists together, not in silos.

Last year, economists at the Wellcome Trust published a review of over 10 000 economic papers and reports that addressed health system efficiency.

They concluded that having a GP as the first point of contact — one where a patient is required to have a referral from a GP for access to a specialist, both enhanced health system efficiency and reduced healthcare costs.

There is no question that primary care is the most efficient part of any health system — including ours.

Look what happened when we unlocked the productivity boost of telehealth.

The Productivity Commission estimated that time spent in doctors' waiting rooms costs the economy almost a billion dollars a year in lost productivity.

Our report shows that patients travelled less for the same care — saving $1.35 billion in travel costs in the last financial year alone. And many GPs are able to manage more patients because of telehealth.

Imagine what we can achieve and unlock if we engage in much wider reform.

In 2022 the AMA launched our campaign to 'Modernise Medicare'.

We argued that Medicare needs to fund more time with your GP team — through longer appointments and extended afterhours access, and provide greater levels of support for vulnerable communities.

Imagine also a primary care system that cared for the tens of thousands of Australians with chronic wounds.

Instead of requiring people to bounce between GP and pharmacy to purchase wound care, we could design a seamless system that supplied it, all at once.

We demonstrated how wound care schemes for diabetic patients alone would save the health system almost $9 for every dollar invested, and free up over 150,000 GP consultations.

Then something unexpected happened.
Government listened.

Last month's budget saw substantial investment to support general practices to engage more nurses and allied health professionals, provide longer consultations, support vulnerable and disadvantaged patients, and fund new programs to strengthen the links between aged care and primary care.

The wound scheme for diabetic patients, as we modelled, is now funded.
We also saw additional indexation of the MBS underpinned by new methodology.

These decisions have provided immediate and very welcome support for general practice. They are an important first step towards long term reform. And they send a message that the government understands the critical role of general practitioners in our health system.

The Minister acknowledged lots more is needed. We agree and we will hold the government to this.

On public hospitals, our Cycle of Crisis report highlighted the inadequacy of the current funding agreement, an agreement that needs a total refresh to deal with the pandemic legacy that's left our hospitals in such a mess.

The current agreement does little to improve performance, it ignores quality, and it has no focus on preventing avoidable admissions — perhaps the biggest problem of all.

The AMA's Hospital Logjam campaign is all about highlighting the resources and investment needed to navigate us through the current crises.

The state Premiers agree these reforms are long overdue.

Meanwhile, our Hospital Exit Block report estimated we could save up to more than $2 billion a year, if we addressed exit block for those waiting for aged care and NDIS services.

Every day a patient who has finished their treatment remains in a hospital bed waiting to be discharged, is a day another patient who needs a bed goes without.

Earlier I mentioned statistics released a fortnight ago that show we treated fewer patients last year than the year before. I didn't tell you the second part.

The number of patient days over the same period was higher — by over 600,000.

The only way you can treat fewer people and provide less surgery — but use up considerably more patient days — is a combination of exit block and more beds being taken up by sicker patients.

We have to act on this.

We are delighted the government has made important gains in reducing bed block for NDIS patients.

And there was more positive news in the budget — Almost $100 million to link hospitals and GPs together to tackle avoidable readmissions.

This was one of our four key asks as part of our hospital logjam campaign.

It's a good, but still modest start. Australians waiting for elective surgery remain waiting for action.

Our research report, Addressing the elective surgery backlog, modelled the backlog to be more than half a million Australians by the end of this financial year.

The report I'm launching today puts a figure on the cost to the economy of lost wages from those patients languishing on public surgery waiting lists — a staggering $4.6 billion. Every year.

But the truly staggering impact of the hospital logjam isn't the money that is lost, it's the people it leaves desperately waiting for care.

So, I say to all health ministers — the current review of the National Health Reform Agreement is your chance to hear us.

The AMA has a plan, we have costings, and we have the support of many of the states. Now is the time to act.

As I mentioned earlier the private health sector is a key pillar of our national health system.

But reforms to the system are few and piecemeal and, again, there is no overarching vision to make the sector sustainable.

That's why we launched our Prescription for Private Health reports.

Our analysis revealed the public policy levers underpinning the private health system are no longer calibrated to our society.

It demonstrated to the Department of Health and Aged Care the need to review Lifetime Health Cover, premium rebates and Medicare Levy Surcharge settings.

In response to our report, the Department commissioned further work to investigate our suggestions and has recently released the outcome of that work for further consultation.

But we need to drive this policy further.

If taxpayers put significant funds toward private health, we must ensure it is in the most efficient and impactful way possible.

But we also need to protect not only patient choice, but to include safety nets to guard them against contractual disputes between insurers and hospitals.

That's why our follow up report on private health took on the bigger question — how do we drive reform in a sector that has multiple government and non-government players seemingly at odds?

Last year we brought together the entire sector at Parliament House to discuss this question.

We launched a discussion paper on a way forward for the whole system — calling for the establishment of a Private Health System Authority.

It is way past time that an independent body is established to oversee the $11.4 billion of Commonwealth investment in private system. Instead of conflict, we call for consensus.

Already we've seen key players in the private system join us and we will continue the work of advocating to the rest. We believe reform is possible.

Today I've sought to demonstrate to you how investment in health makes good economic sense. But I'm not the only one saying this.

As it turns out, last week's edition of the British Medical Journal was devoted to this very issue. In its editorial the BMJ said that, and I quote:

"For too long, societies around the world have tended to see money that is spent on healthcare as simply a cost to be borne. But if you don't see health as an investment, you do not consider the importance of health when formulating economic policy."

And the journal's leading article - written by Mariana Mazzucato – Professor of Economics at University College London - set out the case for, and I quote again, "a redesign of international financial systems to treat spending on health as a long-term investment, and to increase the fiscal space available for this investment."

I'd like to give an example of how Australians are being let down by our current system.

A substantial part of my professional career has been devoted to endometriosis.

It is a disease affecting one in 9 Australian women in the prime of their lives. Endometriosis can have severe effects on a woman's ability to work, her relationships, family life, her ability to exercise and stay healthy, to start a family, her very self-esteem. Endometriosis can cause mental health problems and can be debilitating.

There are often long delays in diagnosis. Tests are expensive. And the longer it remains untreated the more severe its effects can be.

Yet despite all of this, the national guideline on the urgency category for endometriosis surgery in Australian public hospitals is Category 3 — the lowest and least important category.

AIHW data tell us that tens of thousands of Australian women remain on public hospital waiting lists around the country, their lives severely affected by endometriosis and their condition worsening. They spend time in emergency departments seeking care and pain relief while they wait. They may require expensive fertility treatments such as IVF.

Many will abandon our public hospitals and seek surgery in the private system, and look for financial help from parents, family and sometimes friends.

If you step away and take a Treasury view — not of compassion but of fiscal economics alone — there is an overwhelming case to manage a condition like endometriosis early and well. At a time when our prime age workforce is shrinking, making sure every single Australian is functioning at their peak should be a no-brainer.

While endometriosis is a condition with which I am very familiar, there are many similar conditions.

So I'd like to return to the idea of what matters to people. Family and health. The things that matter most to people.

I'm hopeful that Treasury's focus on Measuring What Matters genuinely means what is says. Because that means there is real potential to reenvisage what the health portfolio could be.

Not a cost to bear, but an investment to make. An investment that can change lives and improve a nation.

In the meantime, the AMA will continue to make sure patients' stories reach the ears of our decision makers. Because at the end of every budget line item, every GDP statistic, every health measurement, is an Australian.

And helping them from ill health to good health is not just the right thing to do for them — it's something that will benefit all of us.

Thank you."

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