

Media Statement

July 11, 2012

Dr Paul Dawson, President of The Australian Society for Medical Research (ASMR)

“Australian health insurance: financial savings from health and medical research”

Dr Paul Dawson today announced the released of an ASMR commissioned report by Deloitte Access Economics on the future of Australian private health insurance (PHI).

Dr Dawson said, “Australia’s health system consumes more than one quarter of the Federal Government’s total expenditure and is projected to grow from around \$120 billion this year to more than \$3.3 trillion by 2062. The fastest growing component of the Australian Federal Government’s health expenditure is the private health insurance (PHI) rebate, which is estimated to grow by more than 50% in real spending over the coming decade. Rising PHI costs are also apparent in other countries, including the USA where family premiums are expected to equal the median household income by the year 2033.”

The new report, “Australian health insurance: extrapolated savings from health and medical research”, projects the proportion of income and pensions spent on PHI premiums to more than double over the coming decades with consequences of increasingly unaffordable PHI costs for many Australians.

“Highlights of the report”, Dr Dawson stated, “are the extrapolated savings to the PHI sector by reducing burden of disease through Australian health & medical research (HMR). Conservative decreases of 5 % in the burden of certain diseases, including cancer, cardiovascular disease and asthma, are estimated to have economic savings of \$39 per singles policy and \$77 per family policy in 2012-13, increasing to savings of \$321 and \$642 per policies, respectively, by 2062. This amounts to total savings of \$21.4 billion to the PHI sector over the next 5 decades.

“This new analysis follows on from the 2011 and 2012 Deloitte Access Economics reports on the exceptional health and economic returns from Federal Government investment Australia’s HMR sector where returns on investment are around 500% for cardiovascular disease, 170% for cancer and 22% for asthma.

“Currently, 0.8% of the Federal Government’s total health expenditure is invested in HMR through the National Health & Medical Research Council (NHMRC), the nation’s largest single source of publically funded HMR. Over the 10 year period 2000-2010, investment in the NHMRC is projected to have averted more than 98,000 disability adjusted life years (DALYs), a measure of gains in wellbeing, with a projected economic saving of \$6 billion. Lifting Federal Government investment in NHMRC to reach 3% of the total health spend by 2022, has a conservative estimate of \$25.9 billion in savings to the Australian economy.

“Australian HMR is an investment in our nation’s health, and a plan for alleviating the economic challenges this country faces”.

Dr Paul Dawson
President, The Australian Society for Medical Research
0428 122 166

Full reports are available on the ASMR website at <http://www.asmr.org.au/Publications.html>