

1 Introduction

Australians are generally healthy, and Australia's health and wellbeing is likely to improve. Individuals are gaining a better understanding of their own health and how to maintain it; the science and practice of prevention and treatment is continually advancing; and most Australians have very good access to health services.

Over the course of the previous century the nature of illness and disability dramatically shifted away from infectious diseases to chronic conditions, especially those influenced by lifestyle and behaviour. Some of these lifestyle factors remain of concern: overweight and obesity is endemic in Australia, not enough people have sufficient physical activity, and around one-fifth of the adult population smoke tobacco.

This report—the ninth in the series of biennial reports on health in Australia produced by the Australian Institute of Health and Welfare (AIHW)—is a compilation of key health statistics and analysis primarily based on the work of the AIHW. Many of the topics presented in the report are treated more fully in separate AIHW publications, all of which are available at no cost on the AIHW website <www.aihw.gov.au>. Also available on the website are interactive databases containing data on hospital episodes, cancer incidence, general practice encounters, alcohol and other drug treatment services, health and welfare services expenditure, and disability services.

This first chapter discusses what health is, some issues in improving it, and the role of health information in supporting the needs of the many participants in the Australian health system. It also includes a snapshot of Australia (see Box 1.1), an overview of the Australian health system, and a brief outline of the other chapters.

Box 1.1: Australia at a glance

- *Population of 20 million, including about 460,000 Indigenous Australians (2% of total)*
- *Average life expectancy at birth is 82.6 years for females, 77.4 for males*
- *Fertility rate (1.75 births per woman) is below replacement level; middle-ranked among developed countries*
- *Climate varied but mainly dry; high exposure to solar radiation*
- *Highly urbanised; most people live in south-east seaboard region*
- *Many cultural backgrounds; 22% of residents born overseas*
- *77% of 15–19-year-olds are at school or other educational institution*
- *Per person gross domestic product (GDP) 12th among 30 OECD countries*
- *Services sector main contributor to GDP (61%)*
- *Unemployment under 6% in early 2004*
- *Health expenditure 9.3% of GDP in 2001–02*

1.1 Understanding health

What is health?

Health should be viewed broadly. Almost sixty years ago the World Health Organization (WHO) described health as 'a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity' (WHO 1946). A recent dictionary definition is 'the general condition of the body or mind with reference to soundness and vigour' (*The Macquarie Dictionary (revised 3rd edition)* 2003).

Despite WHO's wide and longstanding definition, for many years the dominant statistics have been mainly about ill health. For example, the International Classification of Diseases (now in its tenth revision and known as the ICD-10) aims to specify the full range of diseases and injuries classified according to causes, body site and other features. Most of the other measures also relate to ill health and it remains difficult to do justice to the WHO's ideal. However, in recent decades efforts have greatly expanded to include measures such as health determinants (factors influencing health), self-rated health status and a person's level of functioning.

The WHO's recently released International Classification of Functioning, Disability and Health (ICF) has added much impetus to pursuing this broader approach (WHO 2001). It complements the ICD by providing additional perspectives of good and bad health in a social context. Functioning and disability are viewed as multi-dimensional concepts relating to:

- body structure and function;
- activities (such as mobility and communication) and participation in life situations (such as involvement in social interaction and work); and
- the physical and social environment that may help or hinder how people live.

The ICF framework also acknowledges the importance of personal factors that can affect an individual's health.

This approach makes it clear that health is an important part of individual and social wellbeing and that there are degrees of good health as well as degrees of bad health (represented by the functioning and disability ends of the health continuum, respectively). Healthy people feel and function well in body and mind, and are in a condition to do so for as long as possible.

A conceptual framework

Australia's Health is based on the conceptual framework presented in Figure 1.1. It shows that Australia's levels of health and wellbeing, including diseases and disability, are influenced to varying degrees by a range of determinants that are in complex interplay. These determinants can be socioeconomic, environmental, behavioural (such as alcohol use or physical activity), biomedical (such as blood cholesterol or blood pressure) or genetic factors.

These causes and their effects on health and wellbeing can be modified to various degrees by prevention and health promotion, treatment, rehabilitation and other health

care. Such interventions are supported by human and material resources and associated systems, including essential information via research, monitoring and evaluation.

Where possible these aspects of Australia’s health need to be considered in terms of the features and needs of individuals, population groups and the population as a whole. Finally, Australia’s health can be viewed as a reflection of the performance of both the health system and of Australian society as a whole.

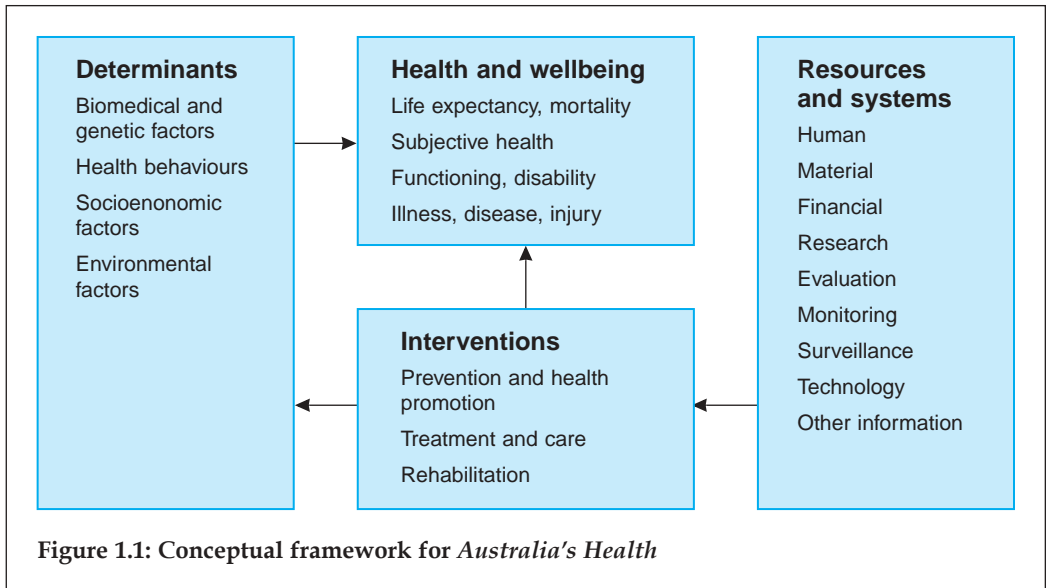


Figure 1.1: Conceptual framework for *Australia's Health*

Improving health

Many things influence health—as further described in Chapter 3—including preventive and treatment interventions. Having a country that is socially and economically ‘healthy’ is arguably the most important factor in ensuring a good average level of health in the population. These general influences in turn affect other major factors that interact and lead to differences among individuals in their health—such as their educational and income levels, their choices about healthy living, and so forth.

Action on broad social determinants can therefore be seen as the widest and most far-reaching form of ‘health intervention’. Such action is among the great aims of society for reasons that include health, in its narrower sense, but go well beyond it. It follows that this involves much more than the health system. However, that system can do much in its own right and at many levels. Its activities range from clinical and preventive services and programs through to efforts to help improve the physical, social and economic environment for groups or individuals at special risk. As well as seeking to reduce people’s exposure to risks, some health strategies aim to help individuals develop personal skills to exercise more control over their own environments and to make healthy choices. Other strategies may have a broader aim, such as enhancing a community’s capacity to provide culturally relevant services.

The effectiveness of the health system in achieving its goals is ultimately a function of its performance as a system. The National Health Performance Framework offers a structure for considering system performance (NHPC 2001), and its components include the:

- availability and accessibility of services and programs
- appropriateness or relevance of interventions
- effectiveness of interventions in achieving the desired outcome
- responsiveness of the health system to individual or population needs
- degree to which care is integrated and coordinated.

Given the great range of influences on health, many major improvements require a strong partnership among components of the system – such as public health and clinical care – and require that the health sector works with other sectors to make the best use of available resources. It also requires partnerships between the health system and others involved in the life of individuals using the system, such as family and friends, teachers, employers and so on.

As in other areas, pursuing the best health for a society will often involve value judgments and include political processes because of competing interests. Along with limited resources, the challenge requires choices, priority setting and trade-offs between the health sector and other sectors, between prevention and treatment services, between improving health overall and reducing inequalities, and between short-term and longer term objectives.

1.2 The role of health information

Health information is fundamental to developing effective health policies and programs, to ensuring quality provision of services, to coordinating treatment and care, and to empowering consumers.

Following the components of Figure 1.1, health information is about:

- assessing the level and distribution of the health of populations
- measuring the level, distribution and influence of determinants
- monitoring and appraising health interventions
- quantifying the inputs to the health system
- furthering knowledge through research and statistics
- evaluating the performance of the health system
- understanding the relationships among all of the above.

Increasing attention is being given to organising health information to support decision making. The National Health Information Agreement – originally made in 1993 – covers Australian Government, state and territory health agencies, the Australian Bureau of Statistics, the AIHW, and the Health Insurance Commission. A major product of this agreement is the *National Health Data Dictionary*, which is updated annually to provide standards for national health information and generally to be a guide for gathering health data.

With the rapidly increasing uptake of electronic health information systems, along with community concern about personal privacy, a key challenge for the health information system is implementing a secure, effective electronic health record that will lead to better health.

An important component of health information is the application of research findings to improve health. Not surprisingly, health research is one of the Australian Government's four National Research Priorities (see Box 1.2).

Box 1.2: National Research Priority: promoting and maintaining good health

The following goals are set under this National Research Priority:

- 1. A healthy start to life: counteracting the impact of genetic, social and environmental factors which predispose infants and children to ill health and reduce their wellbeing and life potential.*
- 2. Ageing well, ageing productively: developing better social, medical and population health strategies to improve the mental and physical capacities of ageing people.*
- 3. Preventive healthcare: new ethical, evidence-based strategies to promote health and prevent disease through the adoption of healthier lifestyles and diet, and the development of health-promoting products.*
- 4. Strengthening Australia's social and economic fabric: understanding and strengthening key elements of Australia's social and economic fabric to help families and individuals live healthy, productive and fulfilling lives.*

Source: DEST 2003.

1.3 The Australian health system

The Australian health system is world-class in both its effectiveness and efficiency: Australia consistently ranks in the best performing group of countries for healthy life expectancy and health expenditure per person (WHO 2003).

These achievements are largely the result of partnerships between individual Australians and families and health care professionals. People's decisions about lifestyle, self-care, and seeking and acting on professional help, and their participation in the development of public policy at many levels, all contribute to shaping the Australian health system. Increasingly, individuals are using information from sources such as the World Wide Web to actively manage their health in partnership with health care providers.

The health system is complex, with many types and providers of services and a range of funding and regulatory mechanisms. Those who provide services include medical practitioners, other health professionals, hospitals, and other government and non-government agencies. Funding is provided by the Australian Government, state and territory governments, health insurers, individual Australians and a range of other sources.

Overall coordination of major components of the health care system is provided by the Australian Health Ministers' Advisory Council (AHMAC)—a committee of the heads of the Australian Government, state and territory health authorities, and the Australian Government Department of Veterans' Affairs. AHMAC advises the Australian Health Ministers' Conference on policy, resources and financial issues. Specific national bodies have been established by AHMAC or the ministers to coordinate information, advice and program implementation, such as the:

- National Health Priority Action Council, which aims to drive improvements in priority health areas;
- Australian Council for Safety and Quality in Health Care, which leads national efforts to improve the safety and quality of health care, with a particular focus on minimising the likelihood and effects of error;
- National Public Health Partnership, which plans and coordinates national public health activities;
- National Health Information Group, which coordinates and directs the implementation of the National Health Information Agreement.

Almost 70% of total health expenditure in Australia is funded by government, with the Australian Government contributing two-thirds of this, and state, territory and local governments the other third. The Australian Government's major contributions include the two national subsidy schemes, Medicare and the Pharmaceutical Benefits Scheme (PBS). These schemes subsidise payments for services provided by doctors and optometrists, and for a high proportion of prescription medications bought from pharmacies. The Australian and state and territory governments also jointly fund public hospital services.

Between them, these arrangements aim to give all Australians—regardless of their personal circumstances—access to adequate health care at an affordable cost or no cost. Safety nets apply for Medicare and the PBS to protect Australians from high out-of-pocket costs for medical services and pharmaceuticals provided outside of hospitals. These two schemes are further integrated with social welfare arrangements, with larger rebates and/or lower safety net thresholds provided for individuals or families who receive certain income support payments (such as for unemployment or disability). There are also special health care arrangements for members of the defence forces, and for war veterans and their dependants.

Many patients' first contact with the health system is through a general medical practitioner (GP). Patients can choose their own GP and are reimbursed for all or part of the GP's fee by Medicare, depending on the GP's billing arrangements. For specialised care, patients can be referred to specialist medical practitioners, other health professionals, hospitals or community-based health care organisations. Community-based services—a range of which can also be accessed directly by patients—provide care and treatment in areas such as mental health, alcohol and other drugs, and family planning.

Patients can access public hospitals through emergency departments, where they may present on their own initiative, via the ambulance services, or after referral from a medical practitioner. Public hospital emergency and outpatient services are provided free of charge.

Patients admitted to a public hospital can choose to be treated as public or private patients. Public patients receive treatment from doctors and specialists nominated by the hospital, but are not charged for their care and treatment.

Patients treated in a private hospital—or as a private patient in a public hospital—can select their treating specialist, but charges then apply for all of the hospital's services (such as accommodation and surgical supplies). Medicare subsidises the fees charged by doctors, and private health insurance funds contribute towards medical fees and the hospital costs for insured patients. 'No-gap' or 'known-gap' arrangements are increasingly being agreed on between hospitals and insurers.

Australians also visit dentists and other private sector health professionals of their choice such as physiotherapists, chiropractors and natural therapists. Charges are usually met by the patients themselves or with the support of private health insurance. Emergency ambulance services are not free of charge for most Australians, but subscription schemes are offered by the ambulance authorities or through private health insurance.

Several state and territory governments have established 24-hour telephone-based health advice services in recent years. These are staffed by health professionals who answer queries from callers about health problems, assisted by specialised reference software. The Health First service in the Australian Capital Territory, for example, took almost 13,000 calls in the fourth quarter of 2003.

Many Australians purchase private health insurance, with around 49% of the population covered for hospital and/or ancillary benefits in early 2004. Unlike other countries, such as the United States of America and Germany, there are virtually no employer-based health insurance schemes in Australia. In response to a significant decline in health insurance membership towards the end of the last century, the Australian Government introduced various incentives to encourage uptake and retention of private health insurance—notably a 30% rebate on membership fees and Lifetime Health Cover. Lifetime Health Cover recognises the length of time a person has had hospital cover, such that people who take out hospital cover before the age of 30, and maintain their hospital cover, will pay lower premiums throughout their life compared to someone who joins when they're older.

Complementing the services outlined above is the provision of public health services, which include:

- activities to ensure food quality
- immunisation services and other communicable disease control (including biosecurity)
- public health education (including health promotion in the areas of nutrition and physical activity)
- injury prevention activities
- programs to reduce the use and harmful effects of tobacco, alcohol and illicit drugs
- environmental monitoring and control
- screening programs for diseases such as breast cancer and cervical cancer.

The health system is regulated in various ways. State and territory governments are responsible for licensing or registering private hospitals (including free-standing day hospital facilities), medical practitioners and other health professionals; each state and territory has legislation relevant to the operation of public hospitals. The state and territory governments are also largely responsible for industry regulations, such as for the sale and supply of alcohol and tobacco products. The Australian Government's regulatory roles include overseeing the safety and quality of pharmaceutical and therapeutic goods and appliances, managing international quarantine arrangements, ensuring an adequate and safe supply of blood products, and regulating the private health insurance industry. There is also an established role for governments in the regulation of food safety and product labelling.

Essential support to the health service system is given by many other agencies. Research and statistical agencies provide the information needed for prevention, detection, diagnosis, treatment, care and associated policy. Consumer and advocacy groups contribute to public discussion and policy. Professional associations for health practitioners set professional standards and clinical guidelines. Universities and hospitals undertake training of undergraduate and postgraduate health professionals. Voluntary agencies contribute in various ways, including raising funds for research, running educational and health promotion programs, and coordinating voluntary care.

Although they are not seen as part of the health system, many other government and non-government organisations play a role because of their influence on health. Departments of transport and the environment, liquor licensing authorities and the media are just a few examples.

1.4 Structure of the report

The report is broadly structured along the lines of the conceptual framework shown in Figure 1.1.

Chapter 2 reports on the health status of Australians and describes the major diseases and conditions that have an impact on their health.

Chapter 3 focuses on the factors that determine health: biomedical and genetic factors, health behaviours, socioeconomic factors and environmental factors.

Chapter 4 describes the health of particular population groups and shows that some, especially Aboriginal and Torres Strait Islander peoples, do not share in Australia's generally good health.

Chapter 5 examines health system funding and expenditure, and employment in the health industry.

Chapter 6 presents extensive information on the Australia's health services and their use, covering hospitals, doctors and other health professionals, and public health services.

Chapter 7 outlines key structures and processes involved in producing health statistics for a better understanding of current and emerging health issues, and poses challenges for the health information system.

Chapter 8 examines the health of older Australians, focusing on the age groups 65–74 years, 75–84 years, and 85 years and over. It provides details on demographic trends, health conditions and disability among these older Australians.

After Chapter 8 the Appendix summarises information on the National Health Priority Areas. This is followed by statistical tables covering a range of topics. These tables contain data on population and fertility as well as health-related information. They include time series information and comparisons with other countries.

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