

2 Introduction and background

2.1 Purpose of the project

The Department of Veterans' Affairs commissioned the Australian Institute of Health and Welfare to produce a report which identifies factors affecting health care use and expenditure for entitled veterans, and war widows and widowers, comparing these patterns with the rest of the community.

The project seeks to analyse three major components of health expenditure by veterans, and war widows and widowers, examine changes over the period 1997-98 to 1999-00, and understand the policies and issues that have influenced these changes. The three components of health expenditure examined in this report are:

- LMO and GP services
- pharmaceuticals
- public and private hospital services.

2.2 Scope

This report examines the utilisation of, prices for and expenditure on health services by Gold Card holders (290,000 persons in 1999), as compared with the rest of the community. Data on White Card holders are also available, but are inadequate for comparison, as only a portion of health care expenditure is paid by, and therefore recorded by, DVA. All usage and expenditure by White Card holders is therefore included with the 'rest of the community'. This situation also applies to Orange Card holders, whose entitlement extends to the subsidised purchase of pharmaceuticals. These Orange Card holders are included with the rest of community estimates.

Health service utilisation and expenditure for Gold Card holders is examined by level of service-related disability where those data are available. Service-related disability is categorised according to the level and type of disability pension/allowance received from the Department of Veterans' Affairs. In this report, disability has been analysed using the following groups:

- nil or no disability allowance
- 5-95% disability allowance (low disability)
- 100% disability allowance (medium disability)
- special disability allowances (Temporarily Totally Incapacitated (TTI), Totally and Permanently Incapacitated (TPI), Blind Disability Allowance (BLI) and Intermediate Disability Allowance (INT)
- Extreme Disablement Adjustment (EDA).

It should be recognised that Gold Card holders may have disabilities other than those that are service-related and in fact the service-related disability may not be the person’s most significant health condition. However, treatment costs for all disabilities and conditions of Gold Card holders are met by DVA under the VEA. Qualification for the DVA Gold Card is described in Appendix A.

2.3 Gold Card holder population and the rest of community

The Gold Card holder population is created from a series of administrative decisions regarding war service, service-related disability and dependant entitlements (see Appendix A for eligibility criteria). It reflects the range of conflicts that Australia has been engaged in over the last 90 years, and the men and women who served in them. In 1999 it was estimated that there were 290,020 Gold Card holders, 180,576 males and 109,444 females. While most of the male Gold Card holders had war-related service (62%, 179,079), only 2% (5,759) of female Gold Card holders had been involved in war service (as at December 1999).

Figure 1 shows the age distribution of Gold Card holders. The large peak for males occurring around age 75 is the cohort who were engaged in World War II and, to a smaller extent, the Korean war. There is a similar peak for women who are the widows of this cohort.

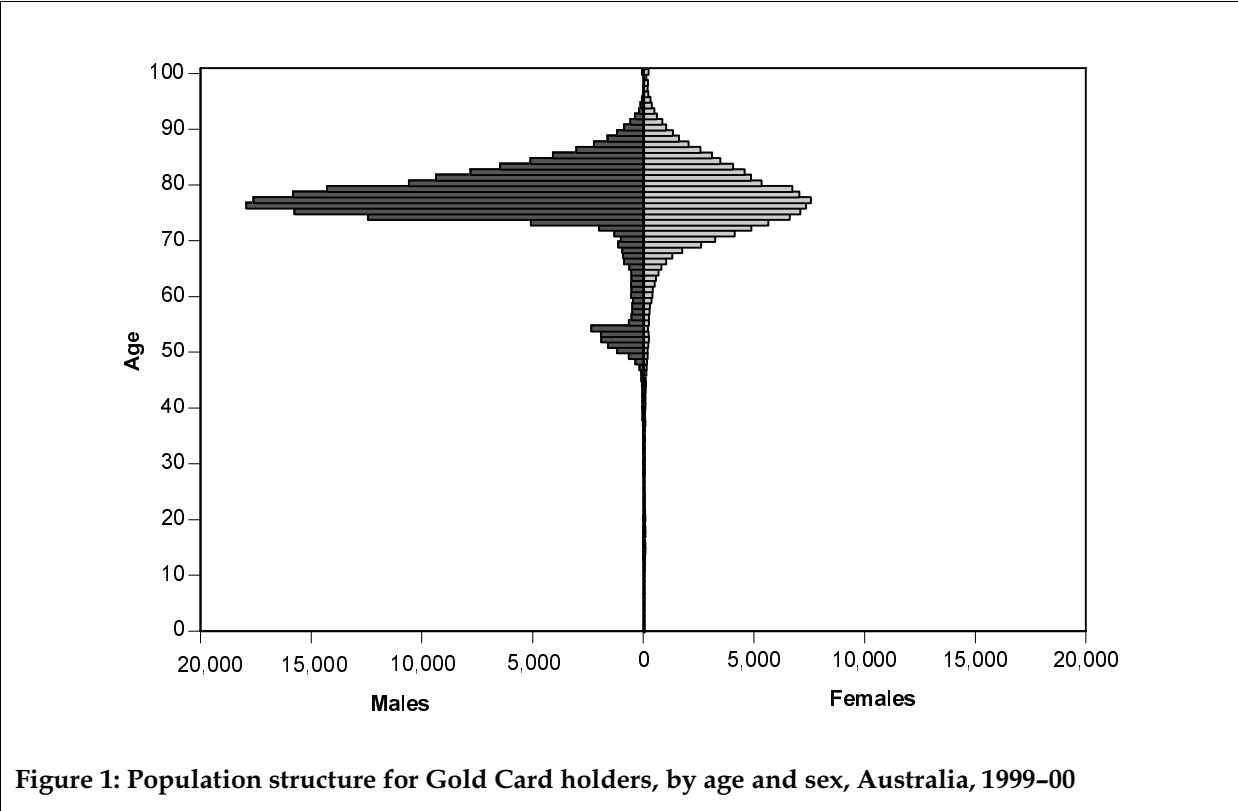


Figure 1: Population structure for Gold Card holders, by age and sex, Australia, 1999-00

Approximately 78% of Gold Card holders were aged 70 to 84 years in December 1999 compared to 6% of the rest of the community. The smaller peak in males aged around age 53 is for those who were engaged in the Vietnam war.

In comparison, the age-sex distribution for the rest of the community (Figure 2) has a significantly different shape, with the peak age groups being in their 30s and 40s.

In examining the two groups together it is noteworthy that Veterans and war widow(er)s comprise a significant proportion of the older Australian population:

- 34% of males aged 75 years or over are DVA Gold Card holders – these are mostly veterans but some are widowers
- 11% of females aged 75 years and over are DVA Gold Card holders – almost all are war widows but some are veterans.

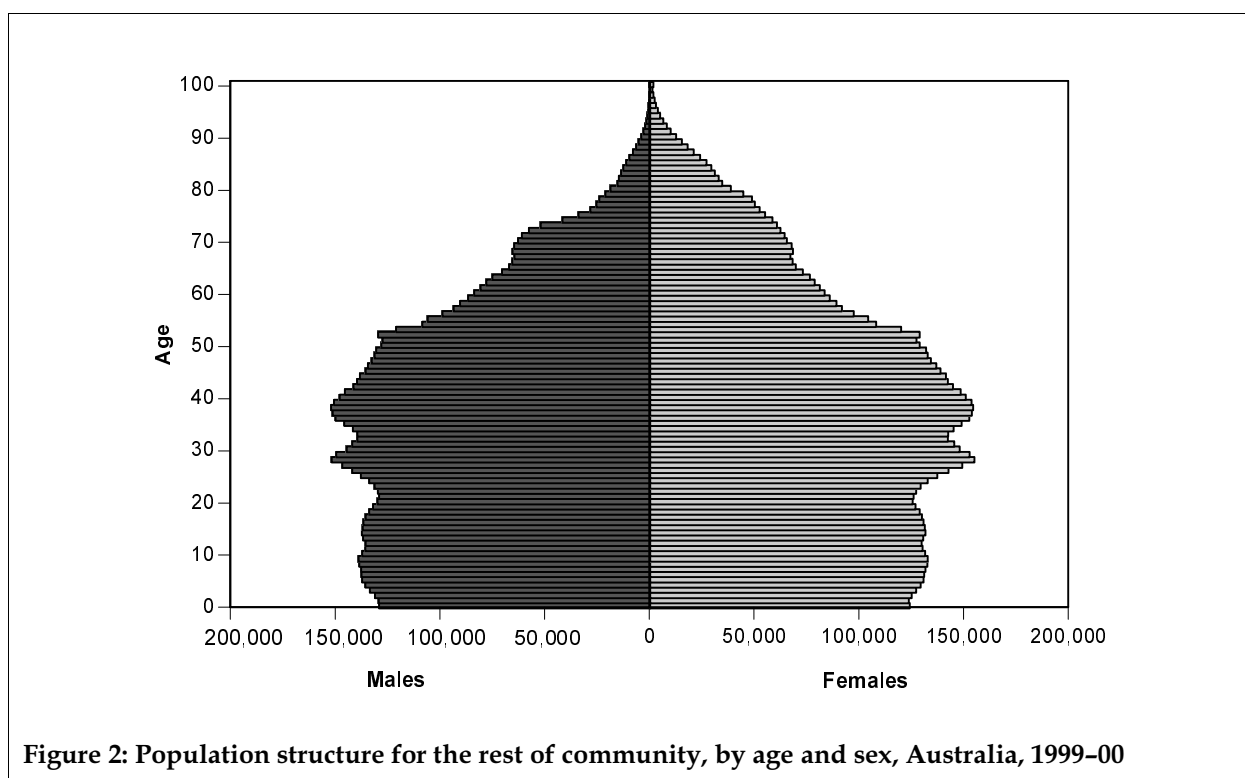


Figure 2: Population structure for the rest of community, by age and sex, Australia, 1999-00

Treatment population by level of service-related disability

One of the characteristics of the Gold Card holder population is that it comprises a proportion of people who have a war service-related disability which has been assessed by clinical review. The results of clinical review are used by the Repatriation Medical Authority to set the disability pension levels of Gold Card holders. A disability pension is paid to compensate veterans for injuries or diseases caused or aggravated by war service or certain defence service on behalf of Australia. The amount of disability pension paid depends on the level of incapacity suffered as a result of war-caused or defence-caused injuries and diseases. Generally speaking, the more incapacitated the veteran is, the higher the amount of pension received (DVA 2002). In this study, this pension level is used as a proxy for disability status.

However it should be noted that the mix of disabilities and the services required to ameliorate them would be variable within disability levels.

Most Gold Card holders (59.7%) either have no disability or are categorised as 'nil % disability'. Nil % disability means some level of service-related disability has been assessed but it is so minor that there is no entitlement to a disability pension. Around 20% are categorised as low disability (entitling them to a 5–95% pension allowance), 8.7% are categorised as medium disability (100% allowance), 8.2% have a special disability pension such as TPI, TTI, BLI or INT, and 3.1% receive an Extreme Disablement Adjustment (Table 7).

Almost all female Gold Card holders (97%) have no service-related disability or a nil % disability, i.e. most are war widows who qualify for benefits not because of service-related disability but because they are widows of veterans (Table 6). In comparison, about 37% of male Gold Card holders have no service-related disability or nil % (Table 5).

Table 5: DVA treatment population by level of disability pension, Gold Card holders, males, by age, Australia, December 1999

Age	Nil or no disability ^(a)	Low disability ^(b)	Medium disability ^(c)	Special disability ^(d)	Extreme disability ^(e)	Total Gold Card holders	Percentage of Gold Card holders
<40	372	20	122	347	1	862	0.3
40–44	31	9	112	298	0	450	0.2
45–49	76	109	295	1,079	0	1,559	0.9
50–54	193	741	1,218	6,977	0	9,129	5.1
55–59	126	329	403	1,983	0	2,841	1.6
60–64	511	670	456	1,252	0	2,889	1.6
65–69	1,521	1,391	647	947	183	4,689	2.6
70–74	8,945	6,484	3,458	1,870	1,280	22,037	12.2
75–79	32,842	28,375	10,516	5,382	4,463	81,578	45.2
80–84	15,537	14,017	5,338	2,367	2,249	39,508	21.9
85–89	5,323	4,386	1,409	661	549	12,328	6.8
90–95	1,038	835	259	143	91	2,366	1.3
95+	187	86	39	23	5	340	0.2
40–69	2,458	3,249	3,131	12,536	183	21,557	11.9
70–84	57,324	48,876	19,312	9,619	7,992	143,123	79.3
85+	6,548	5,307	1,707	827	645	15,034	8.3
Total	66,702	57,452	24,272	23,329	8,821	180,576	100.0
<i>Percentage of Gold Card holders</i>	<i>36.9</i>	<i>31.8</i>	<i>13.4</i>	<i>12.9</i>	<i>4.9</i>	<i>100.0</i>	

(a) Includes war widowers, non pensionable incapacity veterans and other Gold Card holders without service-related disability.

(b) Low disability are 5–95% disability pensioners.

(c) Medium disability are 100% disability pensioners.

(d) Special disability include special and intermediate rate disability pensioners—TTI, TPI, BLI and INT.

(e) Extreme disability are pensioners receiving extreme disablement adjustment (EDA).

Table 6: DVA treatment population by level of disability pension, Gold Card holders, females, by age, Australia, December 1999

Age	Nil or no disability ^(a)	Low disability ^(b)	Medium disability ^(c)	Special disability ^(d)	Extreme disability ^(e)	Total Gold Card holders	Percentage of Gold Card holders
<40	555	1	14	64	0	634	0.6
40–44	214	2	6	26	0	248	0.2
45–49	488	0	3	10	0	501	0.5
50–54	845	2	4	7	0	858	0.8
55–59	1,178	2	2	11	0	1,193	1.1
60–64	2,328	0	0	5	0	2,333	2.1
65–69	7,222	9	2	2	0	7,235	6.6
70–74	23,910	174	132	40	25	24,281	22.2
75–79	34,014	841	462	124	90	35,531	32.5
80–84	21,490	373	145	46	31	22,085	20.2
85–89	10,119	189	48	25	7	10,388	9.5
90–95	3,059	39	17	9	3	3,127	2.9
95+	1,024	2	2	2	0	1,030	0.9
40–69	12,275	15	17	61	0	12,368	11.3
70–84	79,414	1,388	739	210	146	81,897	74.8
85+	14,202	230	67	36	10	14,545	13.3
Total	106,446	1,634	837	371	156	109,444	100.0
<i>Percentage of Gold Card holders</i>	<i>97.3</i>	<i>1.5</i>	<i>0.8</i>	<i>0.3</i>	<i>0.1</i>	<i>100.0</i>	

(a) Includes war widows, non pensionable incapacity veterans and other Gold Card holders without service-related disability.

(b) Low disability are 5–95% disability pensioners.

(c) Medium disability are 100% disability pensioners.

(d) Special disability include special and intermediate rate disability pensioners—TTI, TPI, BLI and INT.

(e) Extreme disability are pensioners receiving extreme disablement adjustment (EDA).

Table 7: DVA treatment population by level of disability pension, Gold Card holders, persons, by age, Australia, December 1999

Age	Nil or no disability ^(a)	Low disability ^(b)	Medium disability ^(c)	Special disability ^(d)	Extreme disability ^(e)	Total Gold Card holders	Percentage of Gold Card holders
<40	927	21	136	411	1	1,496	0.5
40–44	245	11	118	324	0	698	0.2
45–49	564	109	298	1,089	0	2,060	0.7
50–54	1,038	743	1,222	6,984	0	9,987	3.4
55–59	1,304	331	405	1,994	0	4,034	1.4
60–64	2,839	670	456	1,257	0	5,222	1.8
65–69	8,743	1,400	649	949	183	11,924	4.1
70–74	32,855	6,658	3,590	1,910	1,305	46,318	16.0
75–79	66,856	29,216	10,978	5,506	4,553	117,109	40.4
80–84	37,027	14,390	5,483	2,413	2,280	61,593	21.2
85–89	15,442	4,575	1,457	686	556	22,716	7.8
90–95	4,097	874	276	152	94	5,493	1.9
95+	1,211	88	41	25	5	1,370	0.5
40–69	14,733	3,264	3,148	12,597	183	33,925	11.7
70–84	136,738	50,264	20,051	9,829	8,138	225,020	77.6
85+	20,750	5,537	1,774	863	655	29,579	10.2
Total	173,148	59,086	25,109	23,700	8,977	290,020	100.0
<i>Percentage of Gold Card holders</i>	<i>59.7</i>	<i>20.4</i>	<i>8.7</i>	<i>8.2</i>	<i>3.1</i>	<i>100.0</i>	

(a) Includes war widow(er)s, non-pensionable incapacity veterans and other Gold Card holders without service-related disability.

(b) Low disability are 5–95% disability pensioners.

(c) Medium disability are 100% disability pensioners.

(d) Special disability include special and intermediate rate disability pensioners—TTI, TPI, BLI and INT.

(g) Extreme disability are pensioners receiving extreme disablement adjustment (EDA).

2.4 Methods summary

The methods used in the analyses have been selected to bring together the best available, most comparable and latest data on Gold Card holders and the rest of the community. Appendix B provides detail on how each of the data sets were derived and managed to enable the comparisons. This section provides a summary of the key issues and assumptions in the methods.

In undertaking comparisons of service use between Gold Card holders and the rest of the community, the general approach was to compute age-standardised rates of use (i.e. numbers of services divided by the eligible population) and compare them using rate ratios. The age groupings presented in the analysis are 40–59, 60–69, 70–84, 85+ and a summary group of 40+. However, where data were available the age-standardisation was calculated by single-year ages.

Age-standardisation is a technique which allows for populations of differing age structures to be compared (see Section 2.3 and Appendix B). In this report the standard population used was that of the Gold Card holders. This has the effect of adjusting rates for the rest of the community so they no longer represent the actual utilisation or expenditure for that group, but represent the expenditure or utilisation if the age structure was like that of the Gold Card holders. Confidence intervals (95% level) were also computed for these rates.

Ratios of these age-standardised rates were then computed (i.e. the Gold Card holder rate divided by the rest of community rate). Where this ratio is greater than 1.0, Gold Card holders have a greater use of services. Conversely, where the ratio is less than 1.0, Gold Card holders have a lower level of service use.

Key assumptions

This section highlights areas where key assumptions or estimates have been made to alert the reader to issues in their interpretation of the analysis. More detail on these issues is provided in Appendix B on data sources and methods.

- Pharmaceutical use by age and sex for Gold Card holders was estimated from HIC and DVA data. These data may not capture all use of pharmaceuticals by Gold Card holders. For the rest of the community, data from the BEACH survey of GPs indicated that the scripts written per LMO/GP encounter was the same as for male Gold Card holders. Therefore the pharmaceutical usage for the rest of the community was estimated by applying the male Gold Card script per encounter ratio to the data on usage of GP services by the rest of the community. Given these estimations, the comparison of pharmaceutical use must be considered approximate only, and definitive conclusions will require analysis of age-sex data from the HIC when that becomes available.
- The DRG weighted separations are the only measure of the relative costliness of hospital separations that are included in this report. The estimates of actual costs by DVA in paying for hospital separations and associated medical services have been calculated but are not included in this report, as there is no completely valid way of comparing these costs with the costs for the rest of the community.