

We're spending more and doing more



Every year Australia spends more on its health, even after allowing for inflation. In 2007–08 we spent over \$100 billion for the first time. But the records also show that a lot more is being done with those increasing dollars, both by hospitals and in the community. For example, the number of hospital admissions rose by 37% in the decade to 2007–08. This far outstrips population growth and our mostly favourable health trends (see earlier) suggest it is unlikely to reflect any overall health problem.

Using the latest available data, this section gives a perspective on Australia's trends in expenditure, shows where the money goes, and provides some examples of how activity has increased.

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An average spender

For the sake of comparison, health expenditure can be expressed as a percentage of a nation's total expenditure—its GDP or gross domestic product. In the financial year 2007–08, Australia's health expenditure was \$103,563 million, amounting to 9.1% of GDP. It can be seen that this ratio has increased fairly steadily over the years, having been 7.8% a decade before.

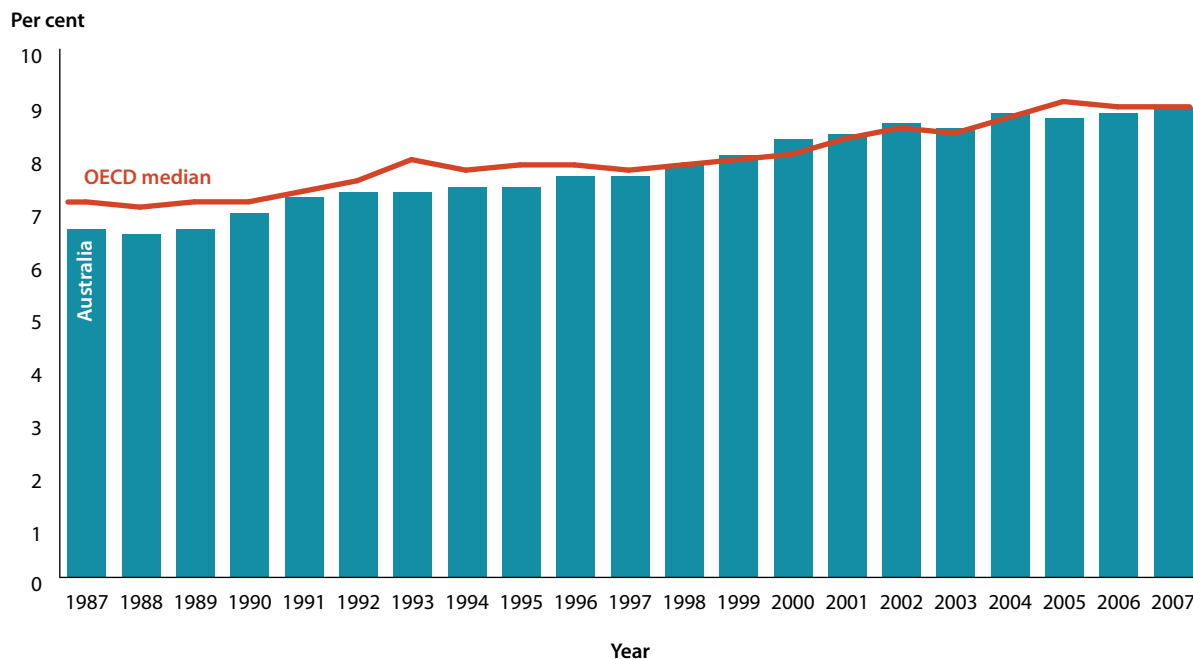
As a share of GDP, where does this place Australia in the international league? Right in the middle of similar countries, tracking very close to the OECD median over at least the previous decade. In 2007–08, Australia's

share was more than that of the United Kingdom (8.4%), close to the OECD median (8.9%) and much less than that of the United States (16%).

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Health expenditure as a proportion of GDP, Australia and OECD median



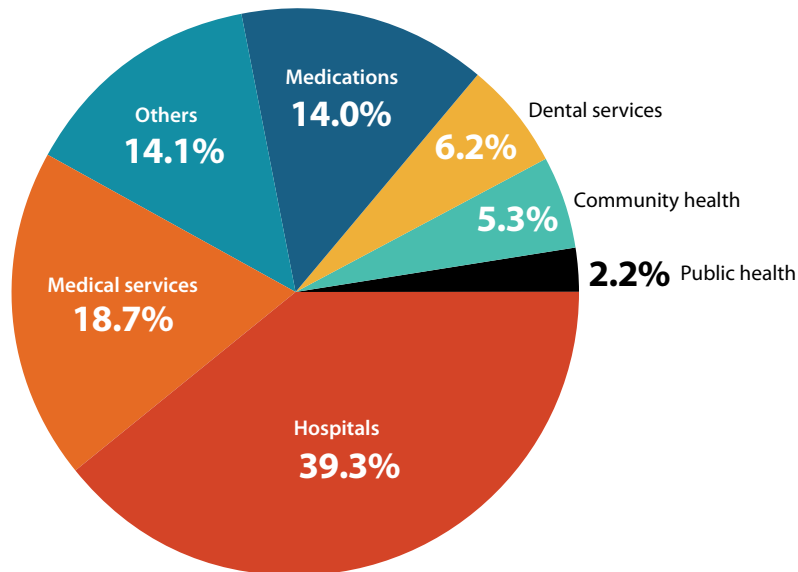
Where the dollars go

As always, hospitals were by far the biggest area of health expenditure in 2007–08. They consumed almost 4 in every 10 dollars (39%) of recurrent health expenditure (which in turn made up 95% of total health expenditure). Hospitals were followed at 19% by medical services (that is, those by GPs and specialists as private practitioners), with medications making up another 14%.

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Recurrent health expenditure, current prices, by area of expenditure, 2007–08



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More for prevention?

The importance of public health activities—prevention and health promotion—is clearly recognised by all health authorities. The section on risk factors in this booklet helps us see why. Government expenditure on public health has increased over time and in 2007–08 it was \$2,159 million. This represented about 2.2% of recurrent expenditure that year, an increase from 2.0% the year before. Much of that increase was due to more being spent on organised immunisation programs, especially the human papillomavirus program.

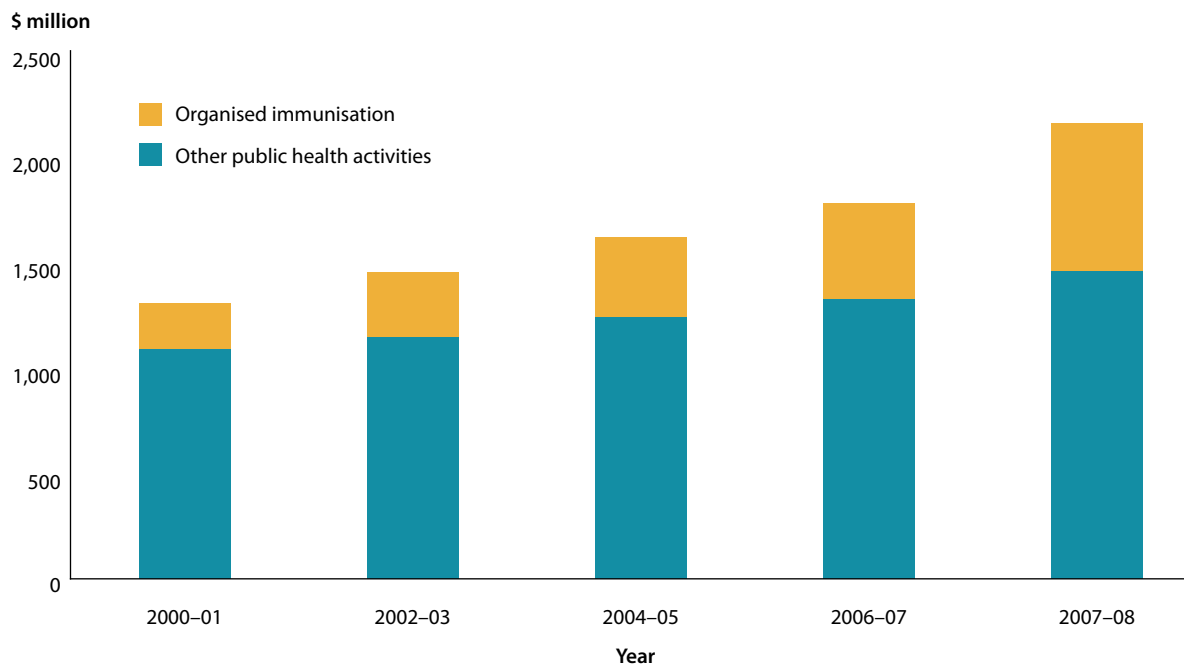
Immunisation and other measures to control infectious diseases account for much of the government spending on public health—

close to 45% in 2007–08. Health promotion activities accounted for 17%, about \$367 million across the nation.

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Total government expenditure on public health activities



More for Indigenous health?

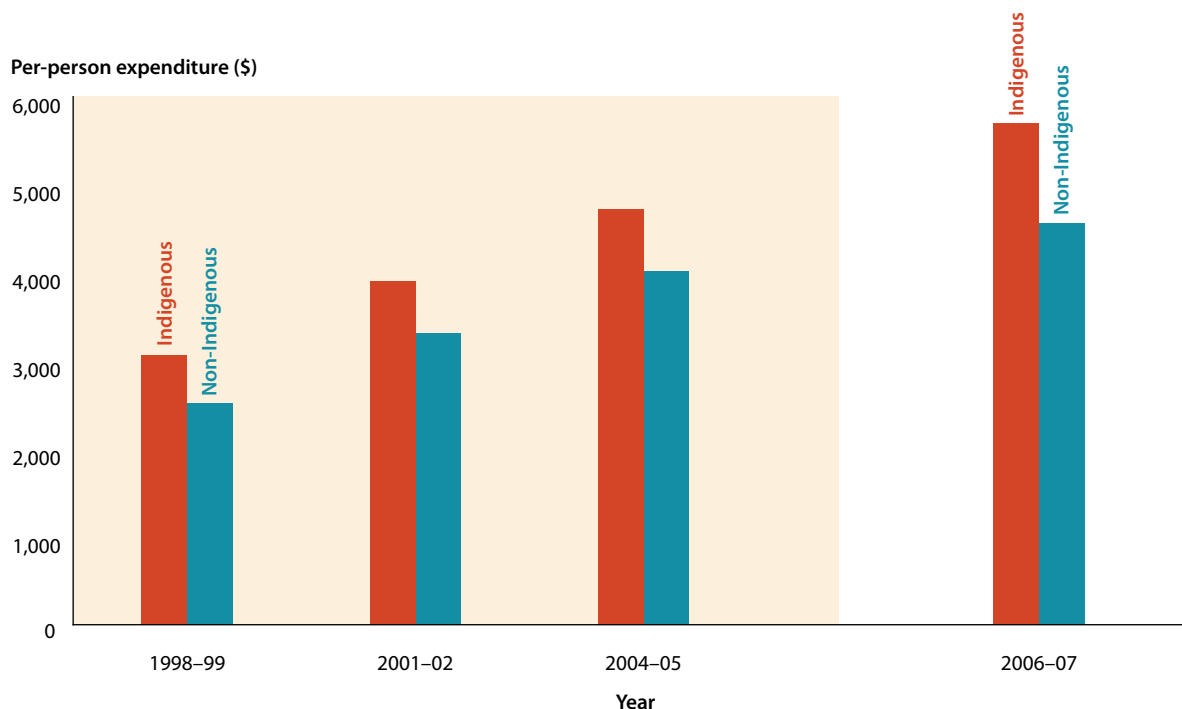
Earlier in this report we showed how Indigenous Australians have much higher rates than other Australians for injuries and a range of major diseases. Calculations show that per-person spending on health and high-level residential aged care in 2006–07 was 25% higher for Indigenous Australians than for other Australians. This pattern of higher spending was similar to that of previous years, but the 2006–07 calculation is based on different methods and cannot be directly compared with those for earlier years.

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Health expenditure per person for Indigenous and other Australians, current prices



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Hospitals increasingly busy

Our health system is certainly more and more active along with the growing expenditure. For example, in the decade up to 2007–08 hospitals have become increasingly busy, especially private hospitals. The number of admissions grew by 67% for private hospitals and 23% for public acute hospitals and the overall hospital increase was 37%. Even when admissions are expressed as rates, and so adjust for increases in the population, they increased by 40% for private and 5% for public acute hospitals.

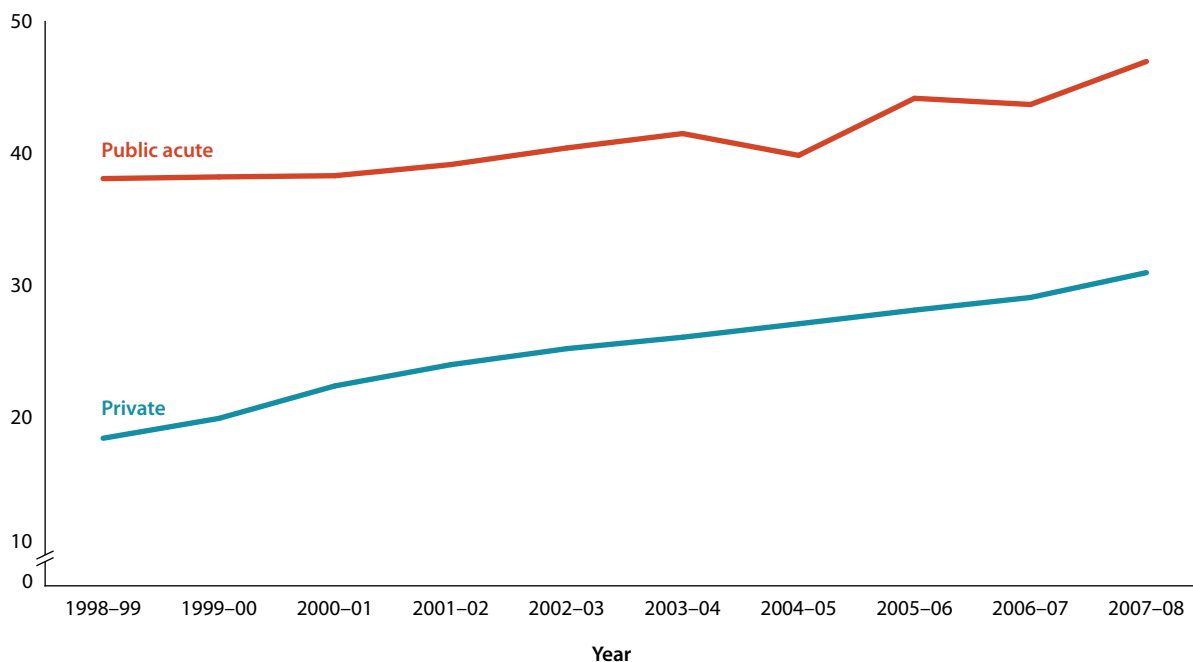
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Admission rates: trends

Hospitalisations per 100,000 population



Restoring the flow

One of the great cardiovascular advances over the past few decades has been the use of procedures to unblock or bypass blocked heart arteries (the cause of angina and heart attacks). When the procedures are combined, it can be seen how the overall rate (number per 100,000 population) increased over most of the last decade. For major hospitals, these procedures are among the most remarkable developments of recent times.

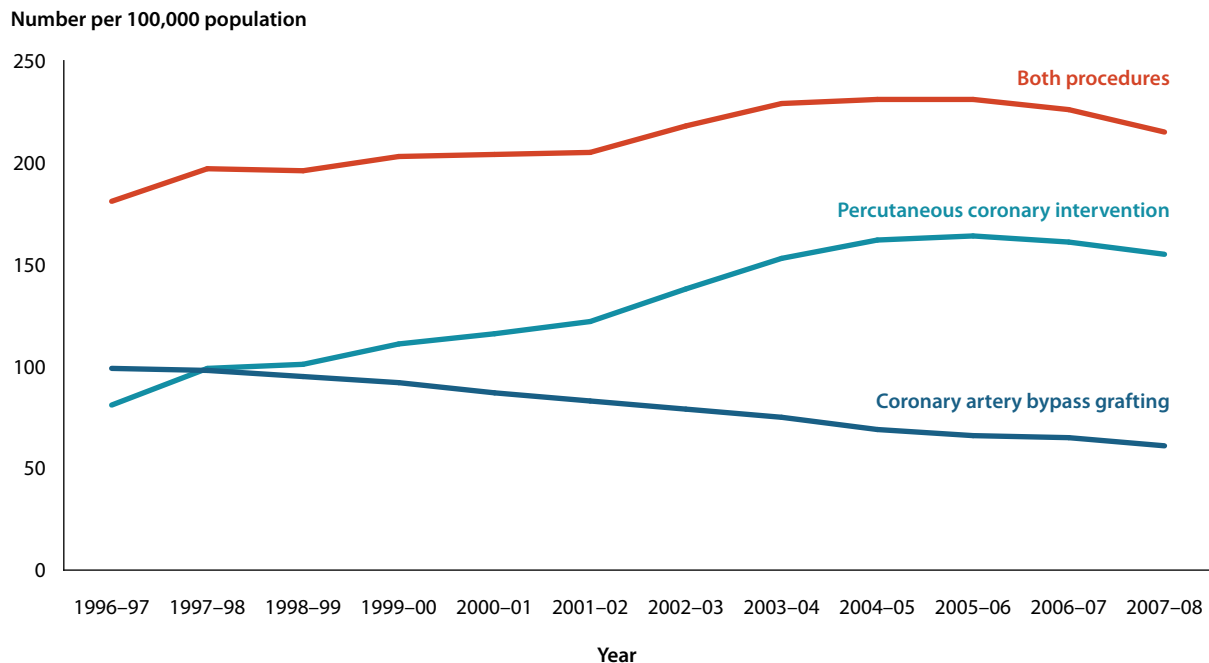
Although the rates of bypass grafting fell over the period, those for the unblocking procedures known as percutaneous coronary interventions

(PCIs) rose even faster until the second half of the last decade. The PCI rate fell slightly in 2007–08 but the actual number of PCIs was still very high, at about 35,000.

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Cardiovascular procedures: trends



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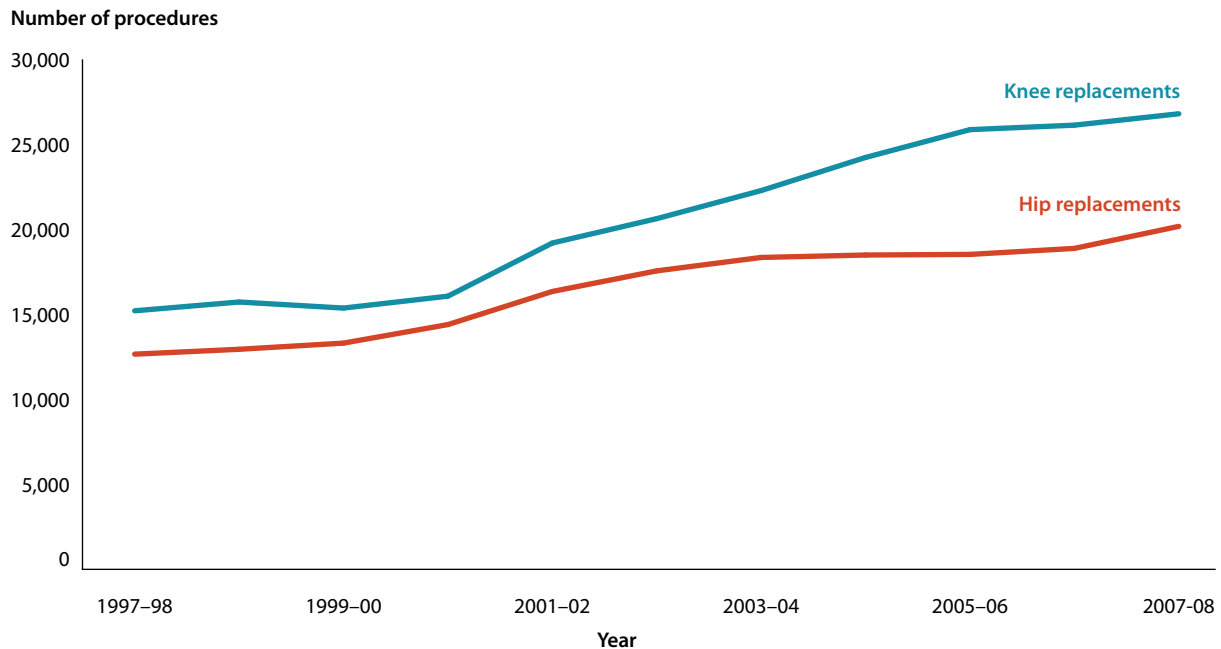
Joint replacements up

Another prominent feature of greater hospital activity has been the rate of total joint replacements, notably those of the hip and knee. In 2007–08 over 47,000 of these procedures were done for osteoarthritis and other diseases of the musculoskeletal system—about 20,000 for the hip and 27,000 for the knee. This was a 33% increase in the rate of these procedures (number per 100,000 population) compared with a decade before and a 69% increase in the actual number.

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Knee and hip total replacements for musculoskeletal conditions: trends



Special Indigenous services grow

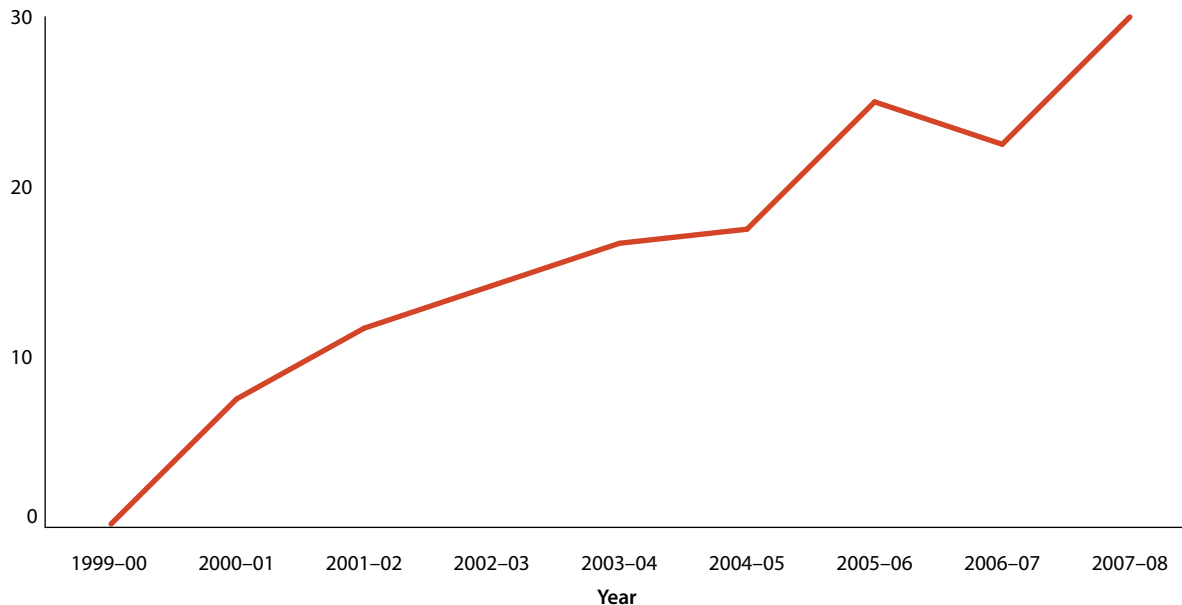
Hospitals are only one of the health areas where activity is growing. Between 1999–00 and 2007–08 the number of primary health-care services set up for Indigenous people grew by 30%, from 120 to 156; and the episodes of health-care they provided grew even more, by 52%.

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Indigenous primary health-care services

Percentage increase since 1999–00



GPs preventing more?

Over the last decade there have been significant increases in GPs' management rate of major health problems such as high blood pressure, diabetes and cholesterol disorders. This can be regarded as chronic disease management but it is also prevention because the three problems are all risk factors for cardiovascular disease (and for kidney disease in the case of high blood pressure and diabetes).

In line with this, GPs are increasingly prescribing cholesterol lowering drugs and monitoring patients' cholesterol levels. They are also showing greater use of asthma maintenance therapy for their patients and involvement in detecting cancers of the breast, cervix, skin and prostate.

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GP management rate of selected problems: trends

Number per 100 encounters

