



Press Release

23 July 2015

PHA calls for Inquiry into Wastage in Healthcare

“Exposing and stopping wastage in the Australian health system would deliver savings to Government and lead to improved healthcare without the need to raise taxes,” according to Private Healthcare Australia CEO, Dr Michael Armitage.

Dr Armitage said the Council of Australian Governments should explore opportunities to fund improved health services by reducing wastage in the Australian health system.

“COAG should establish an industry led inquiry into wastage in Australian healthcare, examining the main areas of expenditure including hospitalisations, medicines, prostheses costs, and other major areas of spending.

“There are numerous examples in western countries of excessive wastage in healthcare and Australia should not expect to be an exception.

“International studies show that unnecessary medical procedures are costing taxpayers billions of dollars every year”, said Dr Armitage.

Recently, the medical director of NHS England identified that up to one in seven hospital procedures being carried out in the UK were unnecessary.

Sir Bruce Keogh described wastage in the health service as "profligate" and said up to 15% of the NHS budget is spent on treatments that should not take place.

Speaking at a conference of senior doctors and managers, Sir Bruce said: "We know a substantial proportion of expenditure in our healthcare system and in other Western healthcare systems – 10 - 15 per cent - is due to over use of treatment. (Daily Mail UK, 12 July 2015)

The National Bureau of Economic Research in the United States reported in March 2015 that as much as 5% of GDP was wasted in the US health system.

According to a Report by the US Institute of Medicine, “approximately 30 percent of all medical procedures, tests, and medications may be unnecessary, at a cost of more than \$750 billion a year. The worst part is that gross overtreatment is making Americans sicker, rather than healthier”. (March 2015)

“All Australians would prefer COAG explore options to reduce wastage in the current system as a means of increasing funding rather than increasing the Medicare Levy Surcharge or the GST. It’s a no brainer.”

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