

26 November 2013

National Commission of Audit

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Dear Sir/Madam

Thank you for the opportunity to contribute a submission to the National Commission of Audit.

Health expenditure in Australia is significant at around **9.5% of GDP**. With an ageing population and growing burden of chronic disease, it is essential to underpin health investment with cost-effective and efficient service utilisation and patient-centred care.

Managing expenditure growth in health

- ▶ Improving the utilisation of health technologies delivers measurable savings to government. Through its work in the primary care setting, NPS Medicinewise has returned over **\$650 million in health savings** providing a **return on investment of 2:1**. There is real potential to do the same in areas like disability and aged care.
- ▶ Around **190,000 people are admitted to hospital** each year with adverse medicines events at a cost of about **\$660 million. Approximately 50% of these admissions are avoidable**. NPS MedicineWise provides consumers with the knowledge and tools to reduce medical misadventure and supports better and safer prescribing to keep people out of hospitals.
- ▶ NPS MedicineWise has a proven track record in delivering better economic and health outcomes, and with ongoing support can continue to help government respond to the challenges of the changing health landscape.

Achieving value-for-money on behalf of taxpayers

NPS MedicineWise has been funded by government since 1998 to help Australians get the most out of their medicines and other health technologies and achieve better quality care at a lower cost. Our work maximises government's investment in health technologies by ensuring they are used according to best practice, to minimise waste and in patients most likely to achieve a positive outcome. NPS MedicineWise programs routinely demonstrate shifts in prescribing and test ordering behaviour that deliver savings to the Pharmaceutical Benefits Scheme (PBS) and the Medical Benefits Scheme (MBS)—over \$650 million in savings have to date been fully validated and accepted by government. Year on year, NPS MedicineWise has directly delivered between \$1.60 and \$2.00 for every dollar spent on program delivery and this does not take into account indirect savings resulting from better educated doctors and consumers.

NPS MedicineWise focuses where it can make the most difference and changes in the health landscape will see us intensify work in new and emerging areas. Personalised medicine, pharmacogenomics and very high cost drugs for small patient groups will be key cost drivers for health care in the future. At NPS MedicineWise we are committed to using our change methodology to ensure value-for-money in these new areas while continuing to support day-to-day practice in primary care.

New opportunities for achieving efficiencies in health

There are new opportunities to reduce waste and expenditure and improve quality in the use of other health technologies, including blood products and medical devices. Preliminary estimates show a conservative 2:1 return on investment in proposed new areas of work.

NPS MedicineWise is well placed to improve quality in aged care, facilitate value for money services in the disability sector and reduce costs in acute care by reducing preventable hospital admissions from adverse drug events. There are 190,000 medicine-related admissions in Australia each year which is around 2-3% of all hospital admissions—many of these are avoidable. In every part of the health sector the country will benefit from quality improvement and evidence-based change programs that reorient services to where we know we achieve best value. Internal economic modeling shows that increasing expenditure by \$35 million per annum to extend our work into new areas would yield over half a billion dollars in net savings over the period 2016-17 to 2023-24.

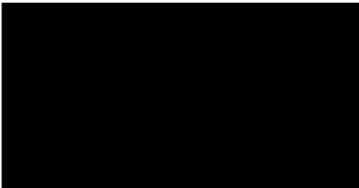
In 2009 our work extended beyond medicines to diagnostic tests and we have been able to translate our model, methodology and approach to this new area while demonstrating MBS savings of \$23 million based on two years of activity.

Partnering for success

The NPS MedicineWise methodology to influence behavior in the health field is well proven. Key strengths of our approach are our independence, evidence-based approach and ability to operate at arm's length from government. We coordinate nationally and act locally for maximum effect, having excellent access to general practice. Our educational visiting program reaches more than 12,000 general practitioners each year through face-to-face visits. GPs regularly report that the NPS MedicineWise program is the most valuable education they receive in their practice and take up rates corroborate this.

We bridge the policy-implementation divide and deliver positive solutions that benefit the Department of Health and the Federal Government. Sitting outside the regulatory framework affords us credibility with health professionals and consumers and allows a more flexible approach when new problems emerge around health technologies. Importantly, our member base comprises peak representative bodies across the health and community sector who are invested in our work and mandate to achieve quality use of medicines and related technologies. Our cross-sector approach reduces duplication and ensures we support the effective implementation of other government funded initiatives.

Thank you again for the opportunity to contribute. I am very happy to be contacted in relation to this submission should you require any additional information.



Chief Executive Officer

