



## Response to the Senate Committee of Community Affairs

### *Inquiry into out-of-pocket cost in Australian Health Care*

7<sup>th</sup> May 2014

The Australian Wound Management Association (AWMA) is the national peak body for the preparation of wound management specialists, the dissemination of research findings and an active lobbyist for the some 400,000 patients who suffer with a chronic wound in any given day within Australia. AWMA is pleased to provide advise to the *Inquiry into out-of-pocket cost in Australian health care* and to remind members of the Senate committee of the day-to-day fiscal challenges faced by this disadvantaged client cohort.

It is a common misconception that a wound is a temporary problem that heals without undue impost on the person. However, there are a number of wounds that can take several weeks to months to heal, for example, studies have shown that up to 50% of leg ulcers do not heal within six months, many remain unhealed for years or decades; and after healing, up to 70% recur, often within 12 months<sup>1,2</sup>. Such wounds are often referred to as *chronic wounds* and are always associated with underlying conditions that affect either the blood supply or the cellular function of the effected area. Varicose veins, blocked arteries and diabetes being common contributors to the formation of these wounds. As a result the people most afflicted are the elderly.

Prevalence rates of chronic wounds vary but are constantly high when compared to other pathologies.

- Pressure injuries in the hospital setting are as high as 26.7%, in the community setting up to 29% and in the residential aged care setting 53.2%.
- Venous leg ulcer prevalence is 0.05% in the hospital setting, 1.69% in the community and 2.5% in aged care.
- Diabetic foot ulcers prevalence is 20.4% in the hospital setting and 10% in the community<sup>3</sup>.



The management of such wounds requires the application of various dressing products changed at regular frequencies. Unlike pharmaceuticals, dressing or wound products are not subsidies on the PBS. Patients are required to purchase the items as an *out-of-pocket expense*. The cost of each item varies significantly depending on the margins applied by the supplier. For example a 10cm x10cm foam dressing can vary from \$2 to \$20. Additional *out-of-pocket expenses* are incurred when the dressing is changed. The costs of community nursing services, transport to outpatient clinics or gap payment to general practitioners are examples. A study undertaken by Smith & McGuiness (2010)<sup>4</sup> reported the average out of pocket expense was \$114 a month with a range from \$86 to \$340 a month. Finlayson, Edwards, Gibb et al (2012)<sup>5</sup> reported a median of \$142 a month for dressing products over an average duration of 22 weeks with a total expense as high as \$10,400. The study also found that 23% of participants had travelled more than 50 km and 9% had travelled further than 125km to their appointment.

These costs are often being incurred by people receiving the aged pension or on a reduced income related to an inability to work. As a result patients are often unable to afford the most effective wound management product or efficient dressing change regime. The use of inefficient products further contributes to the length of time take to for the wound to heal and in the majority of cases the wound fails to heal completely. A patient with a chronic wound is predisposed to a number of potential complications including wound infections, cellulitis, and constant pain. They are also predisposed to mental health concerns including anxiety and depression resulting from social isolation, changes to body image, and significantly decreased quality of life<sup>6-19</sup>.

Therefore to focus only on the *out-of-pocket expense* is to underestimate the total cost incurred within the Australian health sector and community. A report commission by AWMA and prepared by KPMG in 2013 (<http://www.awma.com.au/news/news91.php>) estimated the total costs to the health care system of managing just one form of chronic wound: venous leg ulcers was \$166 million per year. The cost coming from repeated GP visits, antibiotics for infections, medications for pain and mental health disorders and admissions to hospital for cellulitis of investigations. The report asserts that the costs would be significantly reduced by subsidising just one form of dressing product (compression bandages) at an annual cost of \$21 million. It could be extrapolated that additional subsidisation of wound products to help reduce the out-of-pocket expenses currently expence by patients would see additional savings to the health care system. AWMA would recommend that any examination of out-of-pocket expenses should also examine the potential associated cost to the health care system of patients unable to meet the expenses.



It would seem inequitable that patients who suffer from chronic diseases such as diabetes, asthma or epilepsy have access to subsidies treatment and yet people with chronic wounds have limited assistance. Even patients with a stoma have the cost of the stoma bags and associated equipment subsidies. AWMA strongly recommends that the Senate Committee consider either total or part subsidy of products needed to manage chronic wounds in order to implement efficient care for this vulnerable client cohort.

The Association would be happy to provide additional information and attend any required meetings to assist with this important inquiry.

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